$27,783.45 and whose market value on August 28, 1947 was $27,232.02.

CECIL J. ROSS,
*Treasurer*

It was voted that this report be adopted.

*Committee on State Industrial Affairs*

E. D. Lamb, Chairman of the Committee on State Industrial Affairs, reported that the State Industrial Accident Commission had accepted the revised medical fee schedule as agreed upon in conference between representatives of the Commission and the Subcommittee on Fee Schedule of the Committee on State Industrial Affairs, except that the Commission was insistent that the fee for the first office visit—day (week days) remain at $4.00, instead of being increased to $5.00.

Dr. Lamb stated that, in the negotiations, the fee of $5.00 had been tentatively established for the period from 7 a.m. to 11 p.m., and that he believed that the Commission would shorten this period from 7 a.m. to 7 p.m., if the fee of $4.00 was accepted, and establish a fee of $6.00 for the period from 7 p.m. to 11 p.m., and a similar fee for the first hospital visit.

Dr. Lamb stated that the question of the revised schedule had been dragging on since April and that he desired to have the House decide these final points of difference. He stated that the Commission was willing to make the revised schedule retroactively effective as of July 1, 1947.

Courtland L. Booth, Vice-Chairman of the Committee, discussed the negotiations with representatives of the Commission. He stated that he regarded the proposed fee of $5.00 for the first office visit-day as reasonable and that the Commission should accept it.

Following extended general discussion, it was voted that the revised medical fee schedule, as heretofore agreed upon in conference between representatives of the Oregon State Industrial Accident Commission and the Subcommittee on Fee Schedule of the Committee on State Industrial Affairs, be approved, except that, in accordance with the request of the Commission, it be agreed to accept, for the present, a fee of $4.00 for the first office visit-day, 7 a.m. to 7 p.m. week days, a fee of $6.00 for the first office visit-day, 7 p.m. to 11 p.m. week days, a fee of $5.00 for the first hospital visit-day, 7 a.m. to 7 p.m. week days, and a fee of $6.00 for the first hospital visit-day, 7 p.m. to 11 p.m. week days, and that the Committee on State Industrial Affairs

Pitman of Hillsboro, Washington County Medical Society; and Weston W. Heringer of McMinnville, Yamhill County Medical Society.

N. B. Rawls of Astoria, A. D. McMurdo of Heppner, R. E. Kleinsorge of Silverton, Robert L. Benson, Leon A. Goldsmith, Warren C. Hunter, Karl H. Martzloff, Frank Perlman, and DeNorval Unthank of Portland, and John B. Easton of Pendleton were also present.

Clarence A. Smith of Seattle, Editor of NORTHWEST MEDICINE, and W. W. Bauer of Chicago, Director of the Bureau of Health Education of the American Medical Association, were also present.

Mrs. Burton A. Myers of Salem, President of the Woman's Auxiliary, and Mrs. Eustace A. Allen of Atlanta, Georgia, President of the Woman's Auxiliary to the American Medical Association, were also present.

The Executive Secretary was also present.

*Woman's Auxiliary*

Speaker Holcomb introduced Mrs. Burton A. Myers, President of the Woman's Auxiliary.

Mrs. Myers introduced Mrs. Eustace A. Allen, President of the Woman's Auxiliary to the American Medical Association. Mrs. Allen spoke briefly on the aims and activities of the Auxiliary.

*Delegates to the American Medical Association*

Edward H. McLean, Delegate to the American Medical Association, presented a verbal report of the actions taken by the House of Delegates of the Association at the 1947 Session.

Raymond M. McKeown, Delegate, presented the following report:

*Annual Meeting of American Medical Association*

If the founders of the American Medical Association could have viewed the 15,000-odd physicians in attendance at the centennial celebration, they would not only have been astounded but thrilled. All records for past attendance were broken by our own doctors as well as by many distinguished guests from foreign lands. Representatives from the British Medical Association, from Iceland, Norway, Denmark, Switzerland, Belgium, Cuba, Argentina, Australia, Egypt, Saudi Arabia, Iraq and Irán, and China were all introduced before the convention and all expressed

their pleasure at being before the largest medical association in the world at the time of its centenary celebration.

The Centenary officially opened Sunday morning, June 7, 1947, with religious services which were beautifully presented and well attended. Prior to this there were ancillary conferences of many diverse groups. Possibly the most outstanding was the National Conferences of County Medical Society Officers. This group through panel discussions considered such subjects as the relationship of the physician to his county society, to his hospital, to his patients, and to the public. Also discussed was the distribution of medical care by prepayment plans, by rural health programs and through the Hill-Burton Act and Health Centers. This conference was well attended and much valuable material was disclosed.

The third annual Conference of Presidents and other officers of the State Medical Associations also met on Sunday afternoon. General Hawley and Senator Taft spoke to this group. General Hawley declared that in the adjudication of veterans' claims for pensions full-time government physicians were more qualified, while the greafer part of the outpatient care of veterans could be more ably handled by private practitioners. He was also outspoken on the method adopted by some physician groups in selecting the highest possible fee schedules for use in their particular states in order "to get all the traffic would bear." He believed that the 10 per cent of physicians who are so badly out of line can bring great discredit to the whole program. Thirty-eight states have agreements with the V.A. resulting in $2,500,000 a month being paid to the doctors.

Senator R. A. Taft outlined his bill, S-140, for health legislation. He contrasted it with the new Wagner-Murray-Dingell Bill, S-1320. Murray's bill implies a payroll tax of 4 per cent but does not guarantee that this will pay the entire cost. So-called compulsory insurance is not insurance but another tax, Senator Taft said. Medical care for indigents has grown haphazardly with big gaps here and there. The real problem is the so-called catastrophic illness. It was interesting later that S-140 advocated by Senator Taft was rejected by the House of Delegates, but they did accept and approve of Senator Taft's Bill, S-545.

*House of Delegates:*

Your two delegates from Oregon, Dr. E. H. McLean and Dr. R. M. McKeown, were in attendance at all sessions of

the House. Dr. McLean was a member of the extremely busy Reference Committee on Miscellaneous Business. A great deal of business was referred to this committee by the Speaker of the House, Roy W. Foutz of Omaha, which kept the committee in almost constant session throughout the meeting.

Our member of the Board of Trustees from Oregon, John Fitzgibbon, was as active as ever. The endless and important duties of the Board kept John steadily engaged. John Fitzgibbon is a credit to Oregon and the Board of Trustees.

The opening addresses of the Speaker of the House, the President and the President-elect were all thought provoking.

The various issues coming before this session of the House were many but several were of outstanding importance.

The status of the general practioners today was considered long and carefully. Particularly, in relation to the appointment of general practioners to hospital staffs employing a policy of certification of staff members. This was finally settled by a resolution which said in essence, "that certification should not be the basis upon which hospital staff membership are chosen."

A second problem confronting the House of Delegates related to the National Emergency Medical Service. A personal appeal was made by the heads of the medical departments of the Army and the Navy for sufficient medical officers to maintain the armed forces at an adequate level. An Army of one million is contemplated. This would call for 6,000 medical officers. The House of Delegates passed a resolution calling for the creation of a National Emergency Medical Administration within the federal government to implement plans when needed for the total mobilization of the entire medical resources of the nation in case of a national emergency.

The third problem considered by the House of Delegates was the nursing shortage. The shortage is nationwide. It was reported that 33,000 hospital beds are unavailable due to the nursing shortage. This shortage increased 40 per cent in 1946 over 1945. The House went on record as favoring the training of practical nurses in hospitals registered with the A.M.A.

In addition to these important problems, a resolution was passed that all fees for medical services be set by and collected by doctors of medicine rendering the service, and

not the hospitals. Rebates were mentioned to be openly condemned. The employment of unqualified personnel by the V.A. was condemned. The lowering of the standards of physical examinations in pilots by the Civil Aeronautics Association was deplored. The raising of pay for service medical officers was advocated. A study of group practice by the A.M.A. was requested. S-140 was disproved and S-545 approved. The home town treatment of service connected disabilities was favored for the V.A. A resolution advocating that the supervision of public school health programs be under the direction of a doctor of medicine was passed. The Board of Trustees was authorized to set up a public relations program. It was requested that the expenses of postgraduate medical education be made deductible from the income taxes. The formation of a Pan-American Medical Association was approved. Rural Health Councils were approved and authorized. A Section of Diseases of the Chest was authorized as soon as necessary changes in the by-laws can be made.

The delegates from Hawaii reported on attempts to socialize medicine in Hawaii. These efforts were defeated largely through the help of the NPC.

The Distinguished Service Medal for scientific advancement in the field of medicine today was presented by the House of Delegates to Dr. Henry A. Christian, Professor Emeritus of Medicine at Harvard Medical School.

The newly elected officers for the forthcoming year are to be found in the J.A.M.A.

*Scientific Exhibits:*

The Scientific exhibits fully lived up to the occasion of he centenary and afforded a wealth of material for those in attendance. The two gold medals were awarded for the exhibits on Radio-Active Elements and the Mechanism of Congestive Heart Failure by George E. Burch and Paul Reaser of Tulane Medical School and the exhibit on Tumors of the Adrenal Gland by George F. Cahill and Meyer M. Melicow of the Presbyterian Hospital in New York City.

*Technical Exhibits:*

It would be difficult to pay due credit to the attractiveness and practical value of the technical exhibits. The White Laboratories offered a beautiful Cadillac to the lucky ticket holder (I never did hear who got it!). The most unusual and possibly interesting exhibit was a com-

pletely restored and equipped old apothecary shop set up and operated by Smith, Kline and French Laboratories.

*Art Exhibit:*

The exhibit of the American Physicians Art Association was excellent, but a bit too large and too disorganized. Much of the exhibit was excellent, some was rather mediocre.

The accomplishments of medicine in the United States during the past one hundred years are now a matter of record. The Centenary of the American Medical Association has passed into history.

Dr. McLean called attention to the action of the House of Delegates of the American Medical Association in providing for a supplemental session of the House of Delegates annually and an accompanying scientific meeting for general practioners, to be rotated to various sections of the country. It was voted that the House of Delegates of the American Medical Association be invited to hold one of its supplemental sessions and the accompanying scientific meeting for general practioners in Portland.

*Public Relations*

W. W. Bauer, Director of the Bureau of Health Education of the American Medical Association, outlined the principles underlying a sound public relations program and made a number of concrete suggestions for such a
4423 program.

*Committee on Public Health*

Activities of the public health committee during the past year include:

1. Recommendation to County Medical Societies of the initiation and establishment of Community Health Councils to study public health problems of the area and to outline procedures to meet these problems, to assist in correlating the activities of the many official and volunteer agencies interested in health, and to aid in improving the public health services.

2. Initiation of a study of causes of premature infant deaths and the need for establishing a statewide program for better care of premature babies in cooperation with the State Board of Health.

3. Meeting with Dr. Hein of A. M. A. to discuss the Oregon plan for Health Service and Health Education in

the schools which included support of a program to provide physicial examinations for all first grade school children, children new to the schools, and for students found through teacher-nurse screening.

4. Review of procedure for reporting epilepsy and related disorders to local health officers and the Oregon State Board of Health.

5. Recommendation that extramural courses in obstetrics and pediatrics for doctors of the state be carried on and that consideration be given to incorporating these in a series of courses related to all phases of medicine and surgery.

6. Resolved that, inasmuch as the physicians of the state had cooperated in making the Emergency Maternal and Infant Care program a success, and further that it had now served its purpose, the program should be terminated as of June 30, 1947.

The committee has given its support to the development of other public health programs and to the enactment of state legislation to improve the public health, although these programs were the primary concern of other committees of the Society.

LESLIE S. KENT,
*Chairman*

It was voted that this report be adopted.

*Committee on Public Policy*

Robert L. Benson, Chairman of the Committee on Public Policy, outlined the status of medical legislation in the recent session of the Congress. He reported that the Committee offered the recommendation that representatives be made available to present to the Senate Committee on Labor and Public Welfare the viewpoint of the Society toward national health legislation that may be considered in the coming session of the Congress.

It was voted that this recommendation be adopted.

*Committee on Malpractice*

The fiscal year on which is based the financial experience of our malpractice plan with the Metropolitan Casualty Insurance Company ends on December 31 of each year. Therefore, the latest financial experience expressed here will refer to December 31, 1946.

Our basic premium rate for the year beginning November 1, 1946 was raised from $30.00 to $60.00, an advance of 100 per cent based upon our accumulated loss ratio through December 31, 1945. In fact, it would have been advisable to have had an advance in 1945 for our loss ratios in 1942, 1943 and 1944 amounted to 176 per cent, 179 per cent, and 82 per cent respectively, of premium income per year.

Our experience for the fiscal year ending December 31, 1946 had so improved and our experience so far for 1947, while not so good, still has been sufficiently favorable to warrant a reduction in our basic premium rate of 25 per cent. Therefore, beginning November 1, 1947, the Metropolitan Casualty Insurance Company's rate for 5-15,000 dollars insurance will be $45.00, a reduction of $15.00

It is the opinion of both your committee and the insurance carrier that premium rates should be adjusted more frequently than they have in the past so that, if and when losses begin to become excessive, then premium rates should be immediately readjusted so as to avoid large increases in the rate such as have occurred and are bound to occur if adjustments are too long delayed.

Your committee believes that our insurance rates must be based on actual experience if our underwriting policy is to be thoroughly sound and solvent. The rates we are now paying to the Metropolitan Casualty Insurance Company are based on just such considerations and therefore can not be competitive in character.

The following Table I shows that the average basic rate paid by any physician who has carried insurance under the medical society plan from its inception to date was $25.00 per year.

*Table 1*

Average Annual Costs Under Society Plan

*1934 to 1947*

| | |
|---|---|
| 1944-1946 Inclusive— 3 years—rate per year: | 30.00 |
| 1934-1943 Inclusive—10 years—rate per year: | $20.00 |
| 1947 | 60.00 |
| Average annual rate for 14 years: | $25.00 |

Our experience during the 12 month period from September 1, 1946 to September 1, 1947 reveals that both claims and suits are continuing at a fairly high level as reflected in the following Table II.

*Table 2*

Malpractice Experience

September 1, 1942 to 1947 Inclusive

(Each period is from September 1 of one year to September 1 of the next)

| *Claim—No Suit Filed* | *Period 1942-43* | *Period 1943-44* | *Period 1944-45* | *Period 1945-46* | *Period 1946-47* |
|---|---|---|---|---|---|
| Pending at beginning of period | 11 | 3 | 9 | 12 | 15 |
| Filed during period | 6 | 11 | 9 | 24 | 16 |
| Closed without payment | 14 | 1 | 2 | 10 | 15 |
| Settled during period | 0 | 5 | 1 | 3 | 4 |
| Suits filed on pending claims | 0 | 0 | 3 | 8 | 1 |
| Pending at close of period | 3 | 9 | 12 | 15 | 11 |
| *Suits* | | | | | |
| Pending at beginning of period | 11 | 9 | 9 | 14 | 15 |
| Filed during period | 4 | 8 | 5 | 6 | 5 |
| Non-suits for physician-defendant | 1 | 3 | 0 | 2 | 1 |
| Jury verdicts for physician-defendant | 0 | 1 | 0 | 0 | 0 |
| Jury verdicts for plaintiff | 5 | 1 | 0 | 0 | 0 |
| Settled after suit filed | 0 | 3 | 0 | 3 | 5 |
| Pending at close of period | 9 | 9 | 14 | 15 | 14 |

It will be seen from Table II that the claims filed during the past 12 months are definitely fewer in number than last year but still appreciably more than during the three years preceding last year.

The number of claims settled numbered 4 and suits settled numbered 5, a total of 9, the largest number settled in the past five years. The total losses on these nine suits

and claims would have been nominal were it not for one indefensible suit which cost the medical society plan $10,000. The total settlement was more but the excess was borne by the defendant physician.

It may again be noted that it is our policy to contest every suit and to refuse every claim unless the available facts indicate clearly either negligence, absence of adequate records on which to base a defense, an unusually unfavorable professional attitude of doctor to patient, or such lack of professional proficiency that it is impossible to obtain favorable responsible witnesses for the defendant physician. Every one of the foregoing nine settlements involved one or more of the elements enumerated which made an adequate defense impossible.

This is all the more startling since at no time in the history of our malpractice experience has there been brought to bear on each claim or suit so much thought, analytical discussion as well as careful, competent, and sympathetic legal talent as during the past four years. Your committee has been diligent in its duties and it appreciates the support given it by our Council and the fine spirit of cooperation and technical skill made available by the Metropolitan Casualty Insurance Company in the persons of Mr. Pownall, Mr. Shimmin and Mr. Biggs.

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Your committee wishes to say again that inadequate records and serious lack of professional proficiency are factors which make for successful claims and inability to defend suits that must therefore be settled.

KARL H. MARTZLOFF, *Chairman*

E. MURRAY BURNS
C. ELMER CARLSON

It was voted that this report be adopted.

* * * * *

*Committee on Charitable Medical Care*

Your Committee has from time to time met with Dr. Leon A. Goldsmith, Director of the Division of Medical Care of the Oregon State Public Welfare Commission, to discuss problems of care of the charitable medical cases. At the previous meeting of the House of Delegates, April 12, 1947, a report was submitted stressing particularly the point that, although the budget had been increased for care of the indigent, the number of such patients has increased beyond that increase in budget. In reviewing the

various factors in the cost of charitable medical care, the following three comprised the chief expenditures:

1. Hospitalization and nursing home care.
2. Physicians' fees.
3. Drugs and other pharmaceuticals.

Each of the above factors was considered separately, and the following recommendations are submitted:

1. Cost for hospitalization and care in nursing homes is in general out of the scope of activity of this Committee, and change in fees will be decided upon through the Director of the Division of Medical Care of the State Public Welfare Commission, and the various hospitals and nursing homes. Your Committee has, however, recommended that all cases in nursing homes be reinvestigated.

2. Fees to physicians have never represented a large portion of cost for medical care, because the fee schedule has been based entirely on little more than actual cost to the physician for services rendered. However, various members of the House of Delegates, and members of the State Medical Society, in general, have suggested some change in this fee schedule. These suggestions have included a raise in fee, a unification to conform to the fee schedule of various government agencies, and still others expressed the opinion that the medical profession should care for the indigent without any compensation. These various recommendations were duly considered by the Committee, but, because the fee schedule of various agencies during the past year has been subject to changes, and since there is some uncertainty as to the extent to which the present budget will cover the increasing cost of charitable medical care, the Committee felt it to be inadvisable that any change in fee schedule to the physician be recommended at this time.

3. Drugs and other pharmaceuticals represent an appreciable expenditure in the care of charitable cases. Your Committee appreciates that any stringent limitations on the use of pharmaceuticals for the care of patients will at times promote inadequate medical service, but it has felt that certain limitations and exclusion of some drugs are for obvious reasons in order. It is therefore recommended that in general the following limitations will serve best the over all care of the patient:

(a) Pharmacopeia shall be printed containing the available drugs for treatment of the charitable medical cases which will be based on those drugs used in the outpatient departments of the University of Oregon Medical School.

(b) Vitamins may be limited to those acute surgical and medical conditions where strict dietary program is required. Multiple vitamin preparations in these cases are most desirable, and may be prescribed for a 30-day limit, or not to exceed 50 tablets.

(c) Hormonal therapy in special cases may be carried out when authorized. However, di-ethylstilbestrol may be prescribed for the acute menopausal symptoms.

(d) Amino-acids for parenteral administration will be used in the hospitalized cases where indicated. The amino-acids for oral administration will not be included in the pharmacopeia.

(e) Streptomycin can be used in those cases in which it is indicated, when authorized by the Director of the Medical Division of the Oregon State Welfare Commission.

(f) In the use of experimental drugs, in the use of drugs for experimental purposes, such as testosterone for carcinoma, and in the care of spastic cases through the development of an appropriate clinic, the Committee feels that attempts should be made to obtain special funds from the appropriate national organizations.

Your Committee feels that many problems will arise from time to time throughout the year, and that the above recommendations may be altered as time goes on, and that therefore it is most desirable that such a committee continue working in close coordination with the Director of the Medical Division of the State Public Welfare Commission, who in the past has been most cooperative.

FRANK PERLMAN, *Chairman*

It was voted that this report and the recommendations contained therein be adopted.

F. K. Power raised the question of the desirability of the observation by the Oregon Physicians Service of a reasonable subscriber income level. He stated that an income level of $5,000 for married subscribers and $4,000 for single subscribers was being discussed in the Marion-Polk Medical Society.

Following a general discussion, it was voted that it be recommended to the Board of Directors of the Oregon

Physicians Service that a reasonable subscriber income level be observed so far as practicable in making new contracts and renewing old contracts and that a progress report of the income level situation be made to the component societies within two months.

At 8:45 p.m., it was voted to adjourn until 7:00 a.m. on Saturday, September 6.

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## Third Session

### Saturday, September 6

The House of Delegates was called to order by Vice-Speaker Charles P. Wilson at 7:00 a.m., in the Blue Room of the Hotel Multnomah.

On roll-call, the following members of the Council were present:

Stanley Lamb, President; L. M. Spalding, Past-President; James C. Hayes, President-Elect; J. H. Buckley, First Vice-President; Thomas S. Saunders, Secretary; Cecil J. Ross, Treasurer; Charles P. Wilson, Vice-Speaker of the House of Delegates; Councilors Frank R. Menne, J. Milton Murphy, J. V. Straumfjord, R. Wayne Esperson, W. J. Weese, Leslie S. Kent and Charles N. Holman; and Edward H. McLean and Raymond M. McKeown, Delegates to the American Medical Association.

The following delegates were present:

Roger Biswell of Baker County Medical Society; L. D. Inskeep of Medford, Jackson County Medical Society; M. E. Corthell of Grants Pass, Josephine County Medical Society; G. A. Massey of Klamath Falls, Klamath County Medical Society; E. L. Gardner of Eugene, Lane County Medical Society; Lyle M. Bain of Albany, Linn County Medical Society; F. K. Power and Gussie A. Niles of Salem, Marion-Polk Medical Society; Robert T. Boals of The Dalles, Mid-Columbia Medical Society; Carl G. Ashley, Wilbur M. Bolton, Morris L. Bridgeman, E. Murray Burns, E. G. Cheminard, Ira E. Gaston, Charles E. Gurney, Kenneth P. Lancefild, Gordon B. Leitch, Leo J. Meienberg, Luther T. Nelson, Forrest E. Rieke, William A. Shea and R. H. Swinney of Portland, Multnomah County Medical Society; Edwin G. Kirby of La Grande, Union County, Medical Society; A. O. Pitman of Hillsboro, Washington County Medical Society; and Weston W. Heringer of McMinnville, Yamhill County Medical Society.

A. D. McMurdo of Heppner, J. L. Hyde of The Dalles, Courtland L. Booth and L. P. Lind of Portland, and Lewa Wilkes Ager of La Grande were also present.

Clarence A. Smith of Seattle, Editor of NORTHWEST MEDICINE; Herbert L. Hartley of Seattle, Assistant to the Editor of NORTHWEST MEDICINE; and W. W. Bauer of Chicago, Director of the Bureau of Health Education of the American Medical Association; were also present.

The Executive Secretary was also present.

*Northwest Medicine*

Vice-Speaker Wilson introduced Clarence A. Smith, Editor of NORTHWEST MEDICINE.

Dr. Smith stated that, at its last annual meeting, the Board of Trustees of the Northwest Medical Publishing Association, publishers of NORTHWEST MEDICINE, had voted to request the Oregon, Washington, and Idaho state medical associations to approve an increase in the subscription price of NORTHWEST MEDICINE from $2.00 to $3.00 per year, if such action became necessary. He stated that increased income from advertising had been sufficient to offset increased costs and that an increase in subscription price had not yet been needed.

It was voted that the Council be authorized to approve an increase in the subscription price of NORTHWEST MEDICINE from $2.00 to $3.00 per year, if such action becomes necessary.

Leslie S. Kent called attention to the difficulty of coordinating the activities of the Oregon State Medical Society and the component societies because the time of the annual election of officers of the various component societies differs from that of the Oregon State Medical Society.

It was voted that the Committee on Constitution and By-Laws be requested to study the question of harmonizing the time of the installation of the officers of the Oregon State Medical Society and the component societies and to submit recommendations concerning this problem at the midyear meeting.

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4426 Charles William Hamilton, Hood River, died October 11, 1946.

*Floyd McArthur Day, Eugene, died October 24, 1946.

Edward Andrew Weir, Portland, died November 4, 1946.

*Raymond W. Logan, Seaside, died November 28, 1946.

*Arthur Franklin Barnett, Eugene, died November 29, 1946.
*Ralph Stephen Fisher, Portland, died December 22, 1946.
*Dora Judson Underwood, Portland, died January 5, 1947.
*Rose Caldwell Turnbull Powell, Grants Pass, died January 6, 1947.
Benjamin Franklin De Vore, Oakland, died February 7, 1947.
*George Earl Fortmiller, Albany, died February 20, 1947.
*Lafayette Oren Roberts, Portland, died March 19, 1947.
*Thomas Martin Joyce, Portland, died April 18, 1947.
*Lawson Lorenzo Truax, Klamath Falls, died April 28, 1947.
*Ivan Estle Bennett, Elgin, died May 15, 1947.
*Alfred Williams, Sandy, died June 20, 1947.
Horace M. Robbins, Fossil, died July 16, 1947.

*Member, Oregon State Medical Society.

The members present then arose and paid silent tribute to the memory of these physicians.

*Election of Officers*

The following nominations of the House of Delegates for the various offices of the Society were read:

President-Elect.....Leslie S. Kent, Eugene
First Vice-President.....J. E. Buckley, Portland
Second Vice-President.....Max W. Hemingway, Bend
Third Vice-President.....J. E. Campbell, Roseburg
Secretary.....Werner E. Zeller, Portland
Treasurer.....Roger H. Keane, Portland
Speaker of the House of Delegates.....Blair Holcomb, Portland
Vice-Speaker of the House of Delegates.....Charles P. Wilson, Portland

Councilors for the three-year term ending in 1950:

First District.....Frank R. Menne, Portland
John P. Cleland, Oregon City
Third District.....Henry Garnjobst, Corvallis
Councilor for the unexpired term ending in 1948 (to fill the vacancy created by the resignation of B. R. Shoemaker, Roseburg).....M. E. Corthell, Grant Pass
Councilor-at-Large for the unexpired term ending in 1948 (to fill the vacancy created in the event of the election of Leslie S. Kent, Eugene, to the office of President-Elect).....C. Louise Clancy, Portland

Delegate to the American Medical Association for the two-year term ending in 1949.....
.....Edward H. McLean, Oregon City
Alternate Delegate to the American Medical Association for the two-year term ending in 1949.....
.....W. W. Baum, Salem

President Lamb called for additional nominations. No additional nominations were made. It was voted that the nominations be closed, the rules suspended, and the Secretary instructed to cast a unanimous ballot for each of the nominees of the House of Delegates. Each was thereupon declared elected.

The business session of the Society was declared adjourned at 9:30 a.m.

THOMAS S. SAUNDERS,
*Secretary*

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**Plaintiff's Exhibit 291**

4427 • • • • • •

6. Voted to request the Committee on Publication, which represents the Society on the Board of Trustees of "Northwest Medicine", to hold a meeting at an early date and to make a report to the Council.

Upon motion duly made and seconded, it was voted that this action be approved.

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The following list of committees appointed by President Massey were read.

4428 STANDING COMMITTEES

*Scientific Work*

Chairman, Morris L. Bridgeman, Portland
Thomas E. Griffith, The Dalles
C. L. Ogle, Grants Pass

*Public Policy*

Chairman, Thomas Wynne Watts, Portland
Vice-Chairman, A. M. Webster, Portland
W. B. Morse, Salem
Irvin R. Fox, Eugene
William T. Johnson, Corvallis
J. C. Vandervert, Bend

*Publication*

Chairman, A. G. Bettman, Portland
Goodrich C. Schauffler, Portland
Karl H. Martzloff, Portland

*Medical Defense*

Chairman, Frank E. Butler, Portland
Otis F. Akin, Portland
Charles E. Sears, Portland

*Medical Education and Hospitals*

Chairman, Noble Wiley Jones, Portland
M. M. Woodworth, Albany
W. J. Weese, Ontario

*State Industrial Affairs*

Chairman, T. Tharaldsen, Portland
Thompson Coberth, The Dalles
E. D. Lamb, Klamath Falls
B. A. Van Loan, Portland
E. L. Zimmerman, Eugene

*Public Education*

Chairman, Fred N. Miller, Eugene
D. C. Reynolds, Corvallis
Howard P. Lewis, Portland

(This exhibit is part of minutes 11/9/35 of the Oregon State Medical Society.)

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**Plaintiff's Exhibit 292**

4429 MINUTES

February 3, 1936

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Town Club on Monday, February 3rd, at 6:15 P.M. The following members of the Council were present: G. A. Massey, Thomas Wynne Watts, W. J. Weese, Otis F. Akin, Blair Holcomb, Karl H. Martzloff, Charles E. Sears, Charles E. Hunt, Charles T. Sweeney, E. D. Lamb, Thompson Coberth, Helen A. Cary, John H. Fitzgibbon, and Ralph A. Fenton. A. G. Bettman, Banner R. Brooke, Sard Wiest, Fred N. Miller, James Odell, and the executive secretary were also present.

The meeting was called to order by President G. A. Massey. The minutes of January 9th were read and approved.

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4430 • • • • •

A letter from Mr. R. E. Jackson, claim agent of the State Industrial Accident Commission was read. The letter stated that Dr. George Cathey of Portland had filed suit against the Commission to collect for certain services the full amount of the fee provided in the Society's Minimum Industrial Fee Schedule. The letter further pointed out that this action was contrary to the agreement existing between the Society and the Commission under which a discount of 25 per cent was to be applied to the fees set forth in the Society's schedule. The letter raised the question as to whether the existing agreement was to be without effect or whether the Society could enforce such an agreement among its members. Upon motion duly made and seconded, it was voted that the problems presented in this letter be referred to the Committee on State Industrial Affairs.

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A letter from the Klamath and Lake County Medical Society inviting the Council to attend the annual meeting of the Southern Oregon Medical Society in Klamath Falls on Saturday, May 2nd. Upon motion duly made and seconded, it was voted that this invitation be accepted and that the May meeting of the Council be held in Klamath Falls on Saturday, May 2nd.

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4431 President Massey called for the report of the Executive Committee. The Executive Secretary reported that the Committee had employed Mr. Estes Snedecor as legal counsel, to be available to the component societies in advising them as to the correct interpretation of the various provisions embodied in the established regulations of the Oregon State Medical Society and the American Medical Association, as well as their own, and the proper procedure to be followed in applying these regulations. The Executive Secretary further stated that the Committee was unable at this time to make a definite statement as to the costs of this service but that an estimate of the expense involved would be submitted as soon as possible. The Executive Secretary further reported that Mr. Snedecor had prepared an outline of procedure to be

followed by the component societies in connection with the discipline of members.

President Massey stated that the employment of legal counsel for this purpose was a new departure and should be carefully considered from the standpoint of expense and the ultimate implications of such action.

Dr. Brooke, President of the Multnomah County Medical Society outlined some of the problems faced by the society in connection with the unethical practice of numerous members.

Dr. Fitzgibbon stated that practices in violation of the Principles of Medical Ethics had sprung up in so many localities of the state that the problem of enforcement was clearly a matter for consideration and action by the state society and that the employment of legal counsel was a necessary step in taking sound action. Dr. Fitzgibbon referred particularly to a complaint recently received from Dr. R. A. Bissett of Tigard, pointing out that the Physicians' and Surgeons' Hospital Association of Salem, one of the newly organized "mutual" hospital associations, was soliciting the care of the employees of the Yamhill Electric Company, about one-half of whom reside in Washington County and have been his patients. Dr. Bissett raised the question as to whether these newly organized local hospital associations might properly solicit the patients of physicians in other counties and expressed the opinion that the proper governing body of the state society should take up this matter and lay down a policy for the guidance of the members. Dr. Fitzgibbon stated that the position of the Council concerning the widespread violations of the principles of medical ethics should be clarified and that a definite statement of policy should be formulated and sent to all the component societies.

Dr. Sweeney reported the organization of a local hospital association in Jackson County under the name The Southern Oregon Medical Service Association. Dr. Sweeney stated that a very large majority of the members of the Jackson County Medical Society were associated with this new organization which had recently run in one of the local newspapers a large display advertisement containing the names of these members. Dr. Sweeney stated that he had refused to affiliate himself with this association and had protested the calling of its organization meetings in the name of the Jackson County Medical Society. He stated that following his protest this practice was discontinued. He stated that, as nearly as he could learn, this new or-

ganization had been established largely as a result of the activities of a young physician, whose father is also a physician and a member of a similar association organized a few years ago at Salem, and a layman who has heretofore been associated with various promotional schemes in the local community. In response to a question by Dr. Martzloff, Dr. Sweeney stated that at the peak of the fruit season the total number of workers covered by the commercial hospital associations in Jackson County was only 1200.

4432 Dr. Fenton stated that there was precedent for the employment of legal counsel and that the Council was empowered to take such action under the provisions of the Constitution and By-Laws. He stated that disciplinary action had been successfully taken against members engaged in unethical practice by several local medical societies in various parts of the country and that information concerning these cases was available through the Bureau of Legal Medicine and Legislation of the American Medical Association.

Dr. Martzloff stated that, while the first test case of disciplinary action would probably develop in the Multnomah County Medical Society, the problem will undoubtedly come before the state society and that, furthermore, such a case would supply a pattern of proper procedure for all the component societies. He stated that for these reasons the employment by the state society of legal counsel to assist the component societies in handling ethical problems was entirely proper and necessary.

Dr. Sears stated that as Chairman of the Board of Censors of the Multnomah County Medical Society he had had occasion to study the material available from the American Medical Association dealing with the Dallas, Texas and other cases. He stated that the state society must prepare itself to meet the numerous situations involving unethical practice which have developed in various parts of the state. He further expressed the opinion that if the state society and its component societies expect to continue to receive the benefits of the many valuable activities carried on by the American Medical Association in behalf of its members, the state society and its component societies must support the Principles of Medical Ethics.

Dr. Lamb stated that no precipitate action should be taken in connection with these matters and that a copy of the preliminary report on disciplinary procedure prepared

by legal counsel should first be sent to the members of the Council and to the component societies. He stated that the Klamath Falls physicians were attacking the problem of the hospital associations by drawing up a fee schedule and agreeing to follow this schedule in making charges for all service rendered to commercial hospital associations. He expressed the opinion that it was impossible to take intelligent action in the matter under discussion without a definitely stated proposition to act upon.

Dr. Hunt stated that one group in Lane County were soliciting families to come under a plan of contract practice in spite of the fact that the head of this group was a member of the Board of Censors of the Lane County Medical Society. He stated that several component societies were waiting to receive suggestions as to how to deal with the problem of unethical contract practice. He stated that the hands of the component societies would be greatly strengthened if the state society would declare that the component societies should again adopt and renew their allegiance to the Principles of Medical Ethics.

Dr. Coberth expressed the opinion that if hospital associations were to be frowned upon it would be necessary to offer some other plan for supplying medical care to the low-wage earner. He stated that the most successful method for combating the commercial hospital associations was to obtain the cooperation of the hospitals in insisting that these associations pay the regular charges for hospital service.

Dr. Bettman stated that, while he was not a member of the Council, it was his opinion that a statement should be sent to every member, reiterating the prohibition against solicitation and advertising contained in the Principles of Medical Ethics.

4433 On motion duly made and seconded, it was voted that a committee be appointed to formulate a statement of policy concerning the enforcement of the Principles of Medical Ethics and that a special meeting be held within two weeks for the purpose of taking action concerning the existing situation.

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MORRIS L. BRIDGEMAN.
*Secretary*

**Plaintiff's Exhibit 293**

4435 MINUTES

February 17, 1936

A special meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Monday, February 17th, at 6:15 P.M. The following members of the Council were present: G. A. Massey, A. M. Webster, Thomas Wynne Watts, W. J. Weese, Otis F. Akin, Morris L. Bridgeman, Blair Holcomb, Karl H. Martzloff, Charles E. Sears, Charles E. Hunt, Charles T. Sweeney, E. D. Lamb, Thompson Coberth, Joseph P. Brennan, Helen A. Cary, John H. Fitzgibbon, and Ralph A. Fenton, A. G. Bettman, Frank R. Mount, S. G. Henricke, R. W. Hemingway, James Odell, and the executive secretary were also present.

The meeting was called to order by President G. A. Massey. The minutes of February 3rd were read and approved.

A letter from Dr. J. M. Hilton, Secretary of the Klamath and Lake Medical Society, indicating that plans had been completed for the meeting of the Council at Klamath Falls on May 2nd was read.

A letter from Dr. E. D. Lamb expressing regret concerning his inability to attend the present meeting and urging delay and careful deliberation before definite action is taken concerning existing violations of the Principles of Medical Ethics was read.

President Massey called upon Dr. Fitzgibbon, Delegate to the American Medical Association, whom he had appointed to draft a statement of policy concerning the enforcement of the Principles of Medical Ethics for the consideration of the Council.

Dr. Fitzgibbon stated that the Council owed a duty to the society and the entire medical profession to make every effort to correct the existing situation involving widespread violation of the Principles of Medical Ethics. He expressed the opinion that the Council should proceed resolutely, unselfishly, and fairly. He stressed the fact that local societies and the state society must follow carefully the disciplinary procedures set forth in their respective constitutions and by laws in order to be certain that their decisions would be upheld by the Judicial Council of the American Medical Association.

Dr. Fitzgibbon stated that the statement of policy which he was submitting and which had been mailed to each member of the Council was tentative and subject to amendment, rejection, or adoption. He stated that the Council of the Multnomah County Medical Society would meet on the following day and that he hoped that a definite statement of policy would be adopted for their guidance. He then submitted the following statement of policy:

4436 Dr. Sweeney stated that the reasons given by members of some of the component societies who were participating in schemes which had aroused criticism on ethical grounds were that the medical profession must get ready for state medicine and that the medical profession must work out some plan to help the low wage-earner.

Dr. Fenton stated that the files of the Bureau of Medical Economics of the American Medical Association were replete with evidence that similar voluntary insurance schemes started in Great Britain, Germany, and elsewhere, had been taken over by the government and operated by politicians.

Dr. Coberth stated that he was impressed by the fact that most of those present were specialists and consequently in a different position than the general practitioner. He stated that in many of the smaller communities of the state, the general practitioner had a contract with some railroad company and that the Judicial Council of the American Medical Association had made no definite ruling as to the status of such contracts under the Principles of Medical Ethics.

Dr. Sears stated that one of the sore points arising from the present situation resulted from the false view that the interests of the general practitioner are different from those of the specialist. He stated that for many years prior to his entrance into his present specialty he had been engaged in general practice in a small community and had been forced to compete with contract practice and was thus made aware of its numerous evils at first-hand. He further stated that, although he and many others were specialists, he received little referred work and that most specialists, like the general practitioner, were in daily competition with the unethical medical contractors.

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(NOTE: The statement of policy referred to above was not contained in the Minutes, except that portion set out on p. 4—NBB.)

Dr. Sears stated that the vast majority of general practitioners were too busy and worried over economic conditions to give careful consideration to the ultimate effects of new forms of medical practice in which they agree to participate. He stated that the general practitioner does not understand what his status will be under a system of state medicine or under the free-for-all competition of unrestrained contract practice.

Dr. Sears stated that there were only a few fundamental issues in the present situation. He stated that one of these issues is whether the American Medical Association is to disintegrate as a result of the adoption in our state and in others of practices in violation of the Principles of Medical Ethics. He stated that the American Medical Association is the only organization which can forestall state medicine or the adoption of some revolutionary voluntary plan of medical practice. He expressed the opinion that under a system of state medicine both general practitioners and specialists alike would find themselves under the domination of lay politicians. Dr. Sears further stated that if by embracing some new plan of practice in defiance of the Principles of Medical Ethics, the general practitioner undermines the American Medical Association, he will practice henceforth under terms dictated by political administrators.

Dr. Sears stated that it was high time that general practioners should do some thinking as to whither they may be headed and what the future may hold for them or that the Council should do this necessary thinking for them.

O.S.M.S. 2-17-36 p. 2

4437 In discussion of this proposed substitute provision, Dr. Martzloff stated that if the request contained in Item 5 as submitted was not complied with further action could be taken. He expressed the opinion that the effect of setting a definite time limit for ceasing arrangements in violation of the Principles of Medical Ethics would be to erect a hurdle which, if stumbled upon, would make further action extremely difficult or impossible.

Dr. Massey expressed the opinion that Item 5 of the submitted recommendations was satisfactory and that the more extreme action proposed in Dr. Webster's amendment would probably result in a substantial loss of membership and a consequent disruption of the Society's budget.

Following the discussion, Dr. Webster withdrew the

provisions he proposed as a substitute for Item 5 of the submitted recommendations.

Upon motion duly made and seconded, it was voted that Item 5 of the submitted recommendations be amended by inserting after the comma following the phrase, "mutual associations", the words, "as consultants." Upon motion duly made and seconded, it was voted that Item 5 of the submitted recommendations be adopted as amended.

Upon motion duly made and seconded, it was voted that Item 6 of the submitted recommendations be amended by inserting after the word, "society", the words, "or any member thereof," and by inserting after the word, "contract", the words, "or procedure".

Upon motion duly made and seconded, it was voted that the submitted statement of policy and recommendations as amended be adopted as a whole with the following text:

O.S.M.S. 2-17-36 p. 3

4438- Dr. Fitzgibbon expressed the opinion that the general practitioners, especially those outside of Portland, realized the evils of the commercial hospital associations more than anyone else for the reason that in Portland only a few physicians care for the general work for these associations, whereas in the outlying communities the majority of the general practitioners have suffered from the activities of the commercial associations. He stated that the great evil in connection with the operation of these associations in Portland was created by the specialists serving as consultants.

Dr. Martzloff suggested that the tentative statement of policy submitted by Dr. Fitzgibbon be considered paragraph by paragraph.

The introductory paragraphs of the statement of policy submitted by Dr. Fitzgibbon were then read and upon motion duly made and seconded, it was voted that the same be adopted.

The recommendations contained in the statement submitted by Dr. Fitzgibbon were then considered.

Upon motion duly made and seconded, it was voted that the Item 1 of the submitted recommendations be adopted.

Upon motion duly made and seconded, it was voted that Item 2 of the submitted recommendations be adopted.

Upon motion duly made and seconded, it was voted that the Item 3 of the submitted recommendations be adopted.

Upon motion duly made and seconded, it was voted that

the Item 4 of the submitted recommendations be amended by inserting in lieu of the words, "through the charter granted to it by the state society", the words, "by authority of the Council of the state society". Upon motion duly made and seconded, it was voted that Item 4 of the submitted recommendations be adopted as amended.

Dr. Webster moved the adoption of the following provisions as a substitute for Item 5 of the submitted recommendations:

(a) That the Executive Committee in conference with legal counsel draft a notice to all Society members and officials that a certain definite time will be allowed for readjustment or cancellation of individual and group arrangements in violation of the Principles of Medical Ethics.

(b) That those members who fail to conform to the requirements within that time are to be cited to appear before the proper authorities of the county and state societies and show why they should not be dropped or expelled from membership.

(c) And further stating that it is the purpose of this Council to use all its powers to enforce the Principles of Medical Ethics to which we have subscribed.

O.S.M.S. 2-17-36 p. 4

4439 There was discussion concerning the methods to be used in bringing the statement of policy to the attention of the membership of the component societies. Upon motion duly made and seconded, it was voted that Dr. Fitzgibbon and Dr. Sears be appointed to formulate a suitable letter of explanation and that this letter, accompanied by a copy of the statement of policy, a copy of The Principles of Medical Ethics, and a copy of the interpretive decisions of the Judicial Council of the American Medical Association dealing with contract practice and related matters, be sent to each member of the component societies.

Dr. Watts expressed the opinion that it would be helpful to have Dr. Fitzgibbon discuss the present situation in medical practice before every component society.

Dr. Fenton stated that it would be necessary for him to get away as he was leaving to attend a meeting of the Board of Trustees of the American Medical Association at Chicago. He stated that the entire question of unethical

practice would probably be before the House of Delegates at the Kansas City session in May and that the House would doubtless make further pronouncements and take action clarifying the situation. Upon motion duly made and seconded, it was voted that Dr. Fenton be requested to obtain from the Board of Trustees a definition of the term, "free choice of physician".

Dr. Fitzgibbon stated that before he left to attend the meeting of the House of Delegates at Kansas City, he desired to be instructed to introduce a resolution to require the Council on Medical Education and Hospitals to deny approval to any hospital which serves patients obtained by methods in violation of the Principles of Medical Ethics, or provides service to commercial organizations at rates below those charged private patients for the same type of accommodations and services.

President Massey called attention to the fact that the invitation submitted by members from The Dalles that the annual session be held in that city had not yet been formally acted upon. Upon motion duly made and seconded, it was voted that the 1936 annual session be held at The Dalles. President Massey suggested that Dr. Coberth meet with the Executive Committee soon to fix the dates for the session.

Dr. Hemingway expressed the opinion that the smaller component societies would greatly appreciate the personal visit of some of the members of the Council in order to learn directly of the many problems under consideration by the state society and the steps being taken to provide solutions. He stated that his local society, the Central Oregon Medical Society, especially desired such a visit.

There being no further business, the meeting was adjourned.

MORRIS L. BRIDGEMAN
*Secretary*

O.S.M.S. 2-17-36 p. 5

**Plaintiff's Exhibit 294**

4441

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## STATE DEPARTMENTS

### OREGON

#### Oregon Council Notes

The regular February meeting of the Council of Oregon State Medical Society was held at the Town Club on February 3, George A. Massey, President, presiding. The Council had the honor and pleasure of hearing Mrs. Rogers N. Herbert, President of the Woman's Auxiliary of the American Medical Association, who made a most delightful talk. She stated that the Woman's Auxiliary, which is now fourteen years old, has over fourteen thousand members. Her message was one to stimulate the society to greater work in making its auxiliary more effective.

Attention was called to the broadcasts of Richard Steele which occur over KXL every Friday at 7:15 p.m. These are snappy fifteen-minute comments on timely subjects and all well worth hearing.

The State Industrial Accident Commission asked in a letter that one of our members who has brought suit against them should be urged by members to withdraw same, as it complicates the carrying out of the act, and is liable to upset the friendly feeling of cooperation which has existed between the Commission and the society members.

Following reading of an application from a member for life membership, it was decided that it is the sense of the Council that life membership, which simply means waiving of dues, shall be available only to those who are unable to pay the regular dues. Should all members in active practice who are eligible for life membership apply for the same, the society would be seriously handicapped for funds to carry on.

Upon invitation of Southern Oregon Medical Society, it was decided that the Council will meet with them in Klamath Falls on May 2. Their program will be orthopedic in the morning and internal medicine in the afternoon. A good program is assured.

The Executive Committee reported that it had retained Mr. Estes Snedecor as legal counsel to advise it on the interpretation of the pronouncements of the Judicial Council of the A.M.A. as they apply to Oregon.

The organization of hospital associations in various parts

of the state was discussed and it was felt that these organizations were operating in contravention of the decisions of the Judicial Council of the A.M.A. It was decided that a special meeting should be held on February 17, to discuss the preliminary report of the legal council.

Dr. Sard Wiest, chairman of the Medical Department of the American Red Cross in Oregon, spoke of the safety campaign which they are putting on, covering risks at home and on the farm, as well as on the highway.

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On February 17 the Council met in special session at the Campbell Court hotel. As usual, a majority of the councilors from out of Portland were present. The preliminary report of the legal advisor concerning enforcement of the principles of medical ethics was discussed and the report was adopted after a few very minor amendments. Copies of this report which is quite lengthy will be mailed to all members very shortly.

Ralph A. Fenton, a trustee of the A.M.A., was present. He left that night for a meeting of the trustees in Chicago. He was asked to obtain from the Judicial Council an interpretation of the term "free choice of physician."

It was the sense of the Council that it is unfair to private patients for hospitals to give to hospital associations better rates than those given to private patients, in the face of the fact that these lower rates are below the actual cost of rendering the service.

A. S. BETTMAN, *Editor.*

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(This exhibit is part of the March 1936 issue of *Northwest Medicine.*)

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**Plaintiff's Exhibit 295**

4442

Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 1936 Meeting

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Tuesday, March 3rd, at 6:15 P.M. The

following members of the Council were present: G. A. Massey, A. M. Webster, Thomas Wynne Watts, J. C. Vandevert, Morris L. Bridgeman, Charles E. Sears, Blair Holcomb, Karl H. Martzloff, Charles E. Hunt, Charles T. Sweeney, E. D. Lamb, Thompson Coberth, Joseph P. Brennan, Helen A. Cary, and Ralph A. Fenton. Dr. A. G. Bettman, Editor of the Oregon section of Northwest Medicine, James Odell, M. G. Howard, Charles B. Wade, Hugh L. Brown, and the executive secretary were also present.

The meeting was called to order by President G. A. Massey. The minutes of the special meeting of February 17th were read and approved.

The following bills were read and approved:

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American Medical Association
800 copies "Principles of Medical Ethics" ..... 32.00

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Estes Snedecor, Attorney-at-law
For legal counsel ..... 300.00

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**Plaintiff's Exhibit 296**

4443 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

April 1936 Meeting

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Wednesday, April 1st, at 6:15 P. M. The following members of the Council were present: A. M. Webster, Thomas Wynne Watts, W. J. Weese, O. C. Hagmeier, Otis F. Akin, Blair Holcomb, Karl H. Martzloff, Frank E. Fowler, Charles E. Hunt, E. D. Lamb, Thompson Coberth and Helen A. Cary. A. G. Bettman, Editor of the Oregon section of Northwest Medicine, G. I. Hurley, F. L. Ralston, James Odell, and the executive secretary were also present.

In the absence of President G. A. Massey, the meeting was called to order by W. J. Weese, first vice-president. The minutes of March 3rd were read and approved.

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A letter from Dr. W. Ross Eaton, Secretary of the Clackamas County Medical Society, requesting information as to whether the members of that society should refuse to perform services for hospital associations was read. A reply to this letter sent under instructions from the Executive Committee in which Dr. Eaton was informed that his society need take no action in the situation set forth in his letter until the Council had made further pronouncements on the subject of contract practice was read and approved.

A letter from Dr. Hunt, Councilor for the Third District, to Dr. Watts requesting that, as a representative of the Council, he address a meeting of the Central Willamette Medical Society at Eugene on Thursday, April 2nd, to which all members of the state society in the Third District had been invited, on the subject of unethical contract practice, was read. Dr. Watts stated that he had accepted Dr. Hunt's invitation.

A letter from Dr. Sweeney, Councilor for the Fourth District, stating that he had addressed meetings of the members of the society in Grants Pass, Roseburg, Coquille, and Marshfield, concerning the activities of the society and the recent pronouncements of the Council regarding contract practice was read.

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**Plaintiff's Exhibit 297**

4445 Minutes of the Regular Meeting of the Council of the Multnomah County Medical Society held at the Mallory Hotel Tuesday, April 5, 1938 at 12:15 P.M.

In the absence of President Frank R. Mount, the meeting was called to order by Karl H. Martzloff, Vice-President, with the following members present:

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|---|---|
| Eugene W. Rockey | Charles E. Sears |
| Robert L. Benson | Roy A. Payne |
| Karl H. Martzloff | B. O. Woods |
| Stanley Lamb | Noble Wiley Jones |
| Howard C. Stearns | E. E. Gambee |

George E. Henton

John H. Fitzgibbon, S. G. Henricke, Adolph Weinzirl, John J. Coughlin, legal counsel, and the executive secretary were also present.

The minutes of March 1st were read and approved.

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A letter from Dr. H. R. Shields and Dr. William F. Beck, stating that they had discontinued their association with unethical practice, was read. Upon motion duly made and seconded, it was voted that the following resolution be adopted:

WHEREAS, the Council of the Multnomah County Medical Society at a duly called meeting held on November 26, 1937 voted to suspend Drs. H. R. Shields and William F. Beck from the Society until April 1, 1938 or until the Council is satisfied that said doctors have discontinued their association with unethical practice; and

WHEREAS, said doctors have apprised the said Council of their withdrawal from unethical practice, and the Council is satisfied of that fact;

THEREFORE BE IT RESOLVED, that the suspension of Drs. H. R. Shields and William F. Beck be and the same is lifted as of April 1, 1938 and said doctors hereby are reinstated into membership in the Multnomah County Medical Society.

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**Plaintiff's Exhibit 298**

4446 MINUTES

May 2, 1936

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Willard Hotel in Klamath Falls on Saturday, May 2nd, at 6:15 P.M. The following members of the Council were present: G. A. Massey, Thomas Wynne Watts, J. C. Vandevert, Morris L. Bridgeman, Otis F. Akin, Karl H. Martzloff, Charles E. Sears, Charles T. Sweeney, E. D. Lamb, and Helen A. Cary. Numerous members of the Southern Oregon Medical Society and the executive secretary were also present.

The meeting was called to order by President G. A. Massey. The minutes of April 1st were read and approved.

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4447 . . . . .

Dr. J. C. Hayes of Medford expressed his approval of the Council's efforts to maintain the Principles of Medical Ethics. He stated that the Southern Oregon Medical Service Bureau had been organized to destroy the lay-controlled hospital associations and that every member of the Jackson County Medical Society was eligible to affiliate. Dr. Hayes stated that an attempt had been made to get all members of the Jackson County Medical Society to refuse to serve the commercial hospital associations and that if this objective could be accomplished, the members would drop their own hospital association organization.

Dr. Edward Durno of Medford stated that representatives of the Jackson County Medical Society would like to discuss the problem of contract practice with the Council at some future date.

There being no further business, the meeting was adjourned.

*Secretary*

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**Plaintiff's Exhibit 299**

4448 NORTHWEST MEDICINE

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VOL. 35 MAY, 1936 No. 5

# STATE DEPARTMENTS

## OREGON

### OREGON COUNCIL NOTES

On April 1 the monthly meeting of the Council of Oregon State Medical Society was held at Campbell Court Hotel, Portland. It was announced that Lane County Medical Society was holding a special meeting April 2 to discuss medical ethics, especially as it applies to contract practice, hospital associations and solicitation of patients. Thomas W. Watts, president-elect of the Society, and John H. Fitzgibbon, delegate to the A.M.A., will address the meeting. (Reports of the meeting indicate a good attendance and a clarification of the atmosphere in regard to these points.)

Chas T. Sweeney reported that he had visited all the county societies in his councilor district which had a larger membership than at any previous time.

Thompson Coberth was appointed chairman of the local Committee on Arrangements for the annual state meeting this fall in The Dalles.

James M. Odell of the State Tuberculosis Hospital, The Dalles, reported, following a survey of the tuberculosis institutions, that 69 out of every 150 cases in the state institutions are active, and that 20 are chronic incurables, 21 pneumothorax, and 40 homeless, and that these three later groups could be best cared for in convalescent homes where the cost is less than one-third that for treating active cases.

The next meeting of the Council will be held in Klamath Falls, May 2, 6:30 p.m., at the Willard Hotel. All physicians who attend the meeting of Southern Oregon Medical Society which meets in that city on the same day are invited to meet with the Council. Southern Oregon Society has a one-day program and should attract a large attendance. Edward C. Bull, Assistant Professor of Orthopedic Surgery, University of California Medical School, and LeRoy H. Briggs, Clinical Professor of Medicine, University of California Medical School, are the principal speakers.

Another meeting of importance is that of Eastern Oregon Medical Society which will be held in La Grande, June 27. A very excellent program has been prepared. All members of the Society are invited to attend both of these meetings.

Arrangements for the July 8 to 11 meeting of Pacific Northwest Medical Association in Portland are so far con-

cluded that those who attend are assured an unusually good program. Physicians from all over the Pacific Northwest are invited to attend.

Closing the year of outstanding meetings is the meeting of Oregon State Medical Society in The Dalles next fall. These programs, together with that of the Alumni Association of the University of Oregon Medical School which was held in March, give to the physicians and surgeons of this community a postgraduate course such as they could ill afford to miss. No subject of importance has been overlooked in this series. Attending medical meetings is more or less of a habit which when cultivated brings a high yield at low cost. The very mention of the names of any of these societies in itself assures a worthwhile program.

A. G. BETTMAN, *Editor.*

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**Plaintiff's Exhibit 300**

4451 STATE DEPARTMENTS

OREGON

OREGON COUNCIL NOTES

Portland, Ore., May 20, 1936.

The May meeting of the Council of Oregon State Medical Society was held May 2 at Klamath Falls, in conjunction with the annual meeting of Southern Oregon Medical Society. The program which covered only one day consisted of two very excellent papers by LeRoy H. Briggs and Edward C. Bull of San Francisco. The subjects of fractures about the ankle and nonpulmonary tuberculosis were well handled and those in attendance had the pleasure of meeting two outstanding men. The attendance at the meeting was quite large and many of the members attended the meeting of the council.

The Council voted that their facilities, including the services of the Executive Secretary, be at the disposal of Pacific Northwest Medical Association Committees on Arrangements for their fifteenth annual session which will be held in Portland, July 8-11. The excellent program made up of twelve pre-eminent speakers, giving thirty-six papers, will form a presentation which will contain something for

every practitioner of medicine, general practitioner or any of the specialties.

A letter was read notifying the society of the attempt being made to promote legislation in some of the eastern cities which would force ophthalmologists to dispense glasses or cease the practice of refraction. The absurdity, of course, is manifest. The matter was referred to the Committee on Public Policy.

The matter of securing Federal income tax exemptions for physicians was presented in a letter. It was felt by the author of the letter that physicians charitably contribute hundreds of hours annually of their specialized training and, therefore, should be given some consideration, at least as much as is given state employees who give nothing to the general welfare.

A letter was read from the Union States Life Insurance Company regarding the weekly radio program on health problems which they intend to sponsor, talks to be made by physicians selected by the Society, who will serve without compensation, on subjects with which they are especially conversant, the addresses having been approved by the state society. This was referred to the Executive Committee.

A letter from the Multnomah County Medical Society was read requesting that the state society through its representative, John H. Fitzgibbon, ask the American Medical Association to send an official representative, preferably Morris Fishbein, to address a meeting of the society preferably in May or June. Dr. Fitzgibbon was so instructed.

A letter was read from the Oregon State Industrial Accident Commission explaining rulings of the Washington Commission in cases coming under the Washington law but cared for in Oregon. This communication indicates that, in order to be recognized by the Washington Commission, it is compulsory that the injured workman be given preliminary treatment by a Washington physician and report to the Washington Commission while in Washington. Then, without waiting for word from the Washington Commission, he may be transferred to an Oregon physician by the Washington physician who must notify the Washington Commission of such transfer. When the above procedures are carried out as indicated, the Washington Commission will recognize the bills of the Oregon physician, provided the workman is entitled to the benefits of the law in the state of Washington.

The Council approved a resolution to the House of Delegates of the A.M.A. urging them "to go on record as opposing the granting by the Federal Communications Commission of a single short-wave frequency to any commercial concern for the purpose of emergency communications with physicians, and as favoring the allocation of frequencies for this purpose to individual local stations, and this only following the recommendations of the local medical society in the city concerned."

A. G. BETTMAN, *Editor.*

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(This exhibit is part of the May 1936 issue of *Northwest Medicine.*)

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**Plaintiff's Exhibit 301**

4452 Minutes

June 27, 1936.

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Sacajawea Inn in La Grande on Saturday, June 27th at 1:00 P. M. The following members of the Council were present: W. J. Weese, Otis F. Akin, Karl H. Martzloff, Charles E. Sears, Blair Holcomb, Charles E. Hunt, Charles T. Sweeney, Thompson Coberth, and Joseph P. Brennan. A. G. Bettman, editor of the Oregon section of Northwest Medicine and the executive secretary was also present. Numerous members of the Eastern Oregon District Medical Society were also present.

In the absence of President G. A. Massey, the meeting was called to order by Dr. W. J. Weese, First Vice-President. The minutes of May 2nd were read and approved.

The reading of the bills for the month was dispensed with, and the same were approved as previously authorized by the Executive Committee.

A letter and a resolution adopted by the Benton County Medical Society relating to unethical contract practise was read. Dr. Hunt, Councilor for the Third District, discussed the efforts of the Central Willamette Medical Society, and the Lane County Medical Society to deal with unethical contract practice, in accordance with the recently adopted policy of the Council and the problems arising from these efforts. Upon motion duly made and seconded,

it was voted that the various questions arising in this connection be referred to the executive committee.

The executive secretary reported the following actions of the Executive Committee:

(1) Assigned Dr. Charles E. Sears to make the talk on Medical Economics requested by the Eastern Oregon District Medical Society.

(2) Voted to invite Dr. Olin West, Secretary of the American Medical Association, to address the annual session at The Dalles on the subject of Medical Ethics.

(3) Voted to commend for the approval of the Council, the action of the Benton County Medical Society concerning unethical contract practice.

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**Plaintiff's Exhibit 302**

4453 **Minutes**

September 2, 1936

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Wednesday, September 2nd, at 6:15 P. M. The following members of the Council were present: G. A. Massey, A. M. Webster, Thomas Wynne Watts, W. J. Weese, O. C. Hagmeier, Otis F. Akin, Morris L. Bridgeman, Blair Holcomb, Charles E. Sears, Frank E. Fowler, Charles E. Hunt, Charles T. Sweeney, Joseph P. Brennan, and Helen A. Cary. A. G. Bettman, editor of the Oregon section of Northwest Medicine, W. W. Baum, G. I. Hurley, James C. Hayes, E. R. Durno, and the executive secretary were also present.

The meeting was called to order by President G. A. Massey. The minutes of July 9th were read and approved.

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**Plaintiff's Exhibit 303**

4454 STATE DEPARTMENTS
OREGON

OREGON COUNCIL NEWS

Portland, Ore., Sept. 22, 1936.

The September meeting of the Council of Oregon State Medical Society was held at the Campbell Court hotel, Portland, September 2. Many of the Council members from other parts of the state were in attendance. It was decided to oppose the proposed constitutional amendment, advocated by an advertising dentist in Eugene, under the name of "Truth in Advertising Amendment," as this is but a subterfuge to repeal the honest dental advertising bill passed by a recent session of the legislature. Arthur Henry Johnson was elected to life membership in the Society.

The Council adopted a "tentative statement of principles and procedures for the control of contract practice," which was presented by the Executive Committee, a copy of which will be sent to all members in due time. It provides chiefly that contract practice in itself is not unethical, but that the ethical forms are specific and limited; that such practice even when initiated on an ethical basis, unless carefully watched, frequently develops commercial features which are a distinct contravention of established professional standards. For this reason the State Society must keep these contracts under constant observation and control. Only in this way may the future of sound medical service to the people not be jeopardized.

The statement contained extracts from "Principles of Medical Ethics" of the A.M.A., including the definition of "contract practice" and of "unethical contract practice." Included in the latter are: (1) solicitation of patients directly or indirectly, (2) underbidding to secure contracts, (3) compensation inadequate to assure good medical service, (4) interference with reasonable competition in a community, (5) prevention of free choice of physician, (6) conditions of employment which make it impossible to render adequate service to the patients, (7) contracts which because of their provisions or practical results are contrary to sound public policy. Each contract should be considered on its own merits, and decisions regarding it must be based on the ultimate effect for good or for ill on the people as a whole.

No individual or body must be permitted to make a direct profit from the remuneration of the physician. Solicitation of whatever form, direct or indirect, is frowned upon. Whether such solicitation is by the physician himself or a group of physicians or lay persons, organized as a clinic, a hospital or otherwise, acting through a business manager or other agent, all are equally unethical.

Underbidding is one of the most vicious features of unethical contract practice because it emphasizes price rather than quality of service and inevitably leads to inferior service. Rates should be based on the cost of providing service of established standards of scientific medicine. Under no circumstances is it ethical for one physician or group to take away a contract from another physician or group, by offering service at a rate which is inadequate to provide care consistent with established standards. The patient shall be free to select his physician from among all legally qualified and ethical physicians in the community.

A group of physicians organized as a clinic or hospital association has the same obligations to carry on their practice in an ethical manner as does an individual physician. A business manager is identical with an office employee of a private physician, and the assumption of the title of "business manager" does not confer any special privilege to employ commercialization, and deterioration of the quality of medical care should never be considered as a desirable substitute for private practice.

The contract practice in various parts of the state was discussed by a number of those present, and it seemed that those who were defending such practice had difficulty in upholding their side of the case, and they finally fell back on the chimera of socialization of medicine. It was pointed out to them that there is no more danger of the socialization of medicine than there is of the automobile or any other industry.

ADALBERT G. BETTMAN,
*Editor.*

**Plaintiff's Exhibit 304**

4455 Oregon State Medical Society

# STATEMENT OF PRINCIPLES AND PROCEDURE FOR THE CONTROL OF CONTRACT PRACTICE

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Adopted by the House of Delegates, October 10, 1936

## *Introduction*

During the past year, the Council has devoted much attention to the various problems arising out of contract practice. There is a widespread feeling that the Council should assist the component societies and their members to interpret the Principles of Medical Ethics in particular instances in order that trends dangerous to sound medical practice may be avoided.

It is apparent that there is much misunderstanding among the membership concerning the ethics of contract practice which in some instances has given rise to fears that long-established, legitimate plans of contract practice will be interfered with. In order to allay these apprehensions, the Council deems it desirable to clarify the ethics of this form of practice.

While contract practice in itself is not unethical, it should be understood at the outset that even in an ethical form the indications for its application are specific and limited. The medical profession recognizes that contract practice, even when initially organized on an ethical basis, unless carefully watched, frequently develops commercial features which are in distinct contravention of established professional standards. For this reason it is necessary for the state society and its component societies to keep this form of practice under constant observation and control, in order that the future of sound medical service to the people may not be jeopardized.

4456 The following statement of principles and procedure is designed to assist component societies to preserve within their respective jurisdictions the essentials of good medical care insofar as these may be endangered by contract practice.

## *1. Definition of Contract Practice*

"By the term 'contract practice' as applied to medicine is meant the carrying out of an agreement between a physician or a group of physicians, as principals or agents, and

a corporation, organization or individual, to furnish partial or full medical services to a group or class of individuals for a definite sum or a fixed rate per capita." (The Principles of Medical Ethics)

*2. Unethical Contract Practice*

"Contract practice" per se is not unethical. However, certain features or conditions if present make a contract unethical, among which are:

1. When there is solicitation of patients, directly or indirectly.
2. When there is underbidding to secure the contract.
3. When the compensation is inadequate to assure good medical service.
4. When there is interference with reasonable competition in a community.
5. When free choice of a physician is prevented.
6. When the conditions of employment make it impossible to render adequate service to the patients.
7. When the contract because of any of its provisions or practical results is contrary to sound public policy.

Each contract should be considered on its own merits and in the light of surrounding conditions. Judgment should not be obscured by immediate, temporary or local results. The decision as to its ethical or unethical nature must be based on the ultimate effect for good or ill on the people as a whole." (The Principles of Medical Ethics)

4457 *3. Unethical Contract Practice and Direct Profit to Intervening Agencies*

It is unprofessional for a physician to dispose of his professional attainments or services to any body, organization, group or individual, by whatever name called, or however organized, under terms or conditions which permit a direct profit from the fees, salary or compensation received to accrue to the body or individual employing him. Such a procedure is beneath the dignity of professional practice, is unfair competition with the profession at large, is harmful alike to the profession of medicine and the welfare of the people, and is against sound public policy.

### 4. *Solicitation*

Solicitation involves an active effort by the physician, or his agent, to induce patients to come under his care. This practice is contrary to a basic principle of sound medical service; namely, that the patient himself should seek out and select his own physician, with no inducement except the professional reputation of the doctor. It is immaterial whether the solicitation is done by word of mouth, by circulars, or by newspaper or radio advertisements. It is likewise immaterial whether the solicitation is the act of the physician himself or a group of physicians or lay persons, organized as a clinic, hospital association, or otherwise, acting through a business manager or other agent. All these forms of solicitation are equally unethical.

### 5. *Underbidding*

Underbidding is one of the most vicious features of unethical contract practice, for the reason that it emphasizes the price of medical care, rather than its quality and inevitably leads to inferior service. Rates for contract medical service should be based upon the cost of providing service which meets the established standards of scientific medicine. Rates for stated services should be uniform in a given local community, except when a deviation in rates may be proper because of difference in the age groups served, varying hazards of employment, and similar factors. Under no circumstances is it to be considered ethical for a physician or group of physicians, however organized, to take away a contract from another physician or group of physicians by offering service at a rate which is inadequate to provide care consistent with established standards.

4458

### 6. *Free Choice of Physicians*

The principle of free choice of physicians is one of the bases of good medical service. The term means that the patient shall be free to select his physician from among all legally qualified and ethical physicians in the community. This principle should apply to all patients living in a community whose population is sufficient to make one or more physicians readily available under the usual conditions of private practice. The principle of free choice of physicians may be deviated from in certain cases where industrial operations are being carried on distant from a town or city, where the factor of isolation makes it necessary

to provide service on a contract basis. Other exceptions to the application of this principle are to be found in the case of employees of transportation companies whose employment involves frequent travel, and in the case of medical services rendered to employees in the interest of and at the expense of the employer, such as preemployment and periodic physical examinations.

### *7. The Business Manager*

The impression has apparently gained hold that a business manager of a group clinic or hospital association has the privilege of acting as the agent of his employer in the solicitation of contracts. A group of physicians, organized as a clinic or hospital association, have the same obligation to carry on their practice in an ethical manner as does an individual physician. The status of the business manager of such a group or association is identical with that of an office employee of a private physician. The mere assumption of the title of "business manager" does not confer upon an individual any special privilege to employ commercial methods of obtaining practice for physicians.

4459 ### *8. Approval and Disapproval of Contracts*

The executive Committee of the Council shall act as a committee on contract practice. It shall be the duty of the Executive Committee to: (1) to review all existing and proposed contracts within the jurisdiction of the society, and to subject each contract to the tests embodied in the Principles of Medical Ethics, the interpretative decisions of the Judicial Council of the American Medical Association, and the various pronouncements of the Council of the Oregon State Medical Society; (2) to recommend to the Council the approval or disapproval of each contract, this recommendation to be based upon its ethical or unethical nature as determined by applying the criteria referred to above. A copy of each contract shall be retained in the files of the committee, together with a memorandum indicating whether it has been recommended for approval or disapproval; if disapproval is recommended, the reasons shall be stated.

Every member, who holds a contract for medical service, or who contemplates making such a contract, shall submit to the Executive Committee a copy of such contract together with such additional information as the committee may deem necessary to enable it to exercise judgment intelligently as to its ethical or unethical nature.

Any member shall be given an opportunity to appear before the Executive Committee or the Council to discuss any contract under which he is providing or contemplates providing medical service. The Council shall be the final judge as to the ethical or unethical nature of a contract.

*9. Summary*

In summary, it should be realized that contract practice, with its ever-present dangers of commercialization and deterioration of the quality of medical care rendered the people, should never be considered as a desirable substitute for private practice with its intimate personal relationship between physician and patient. Contract practice should be considered only as a last resort when factors, such as geographical isolation, require its adoption. The burden of establishing the fact of unusual need not possible to be met under the customary conditions of private practice is clearly upon the persons proposing a scheme of contract practice.

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4460 Oregon State Medical Society

INFORMATION SUBMITTED BY

..... TO HIS COUNCIL

Physician or Group

CONCERNING A CONTRACT WITH

..... of .....

Company Town

1. I (We) submit herewith a copy of the contract.
2. I (We) provide below a general statement setting forth the conditions in the community in which this contract is in effect, including the population, the nature of the more common industrial and commercial pursuits of the inhabitants, and other pertinent information.
3. I (We) declare that the nature of this company's operations is as follows:
4. (We) declare that the following conditions make it necessary or advisable that the medical care of the group covered be provided under a plan of contract practice:

5. I (We) declare that there are other contracts for the medical care of employed groups in effect in this same community as follows:

6. I (We) declare the approximate number of employees of this company is ..... and that ..... employees are covered by this contract.

7. I (We) declare that participation in the plan of contract practice is entirely voluntary on the part of the individual employees of this company, except as follows:

8. I (We) declare that there are no persons receiving medical care under this contract whose average monthly wages exceed the sum of $.....

9. I (We) declare that the following physicians render service under this contract:

10. I (We) declare that the physicians who render service under this contract are compensated on the basis of the following fee schedule or schedule of salaries:

11. I (We) declare that there are ..... doctors of medicine in active practice in the community in which this contract is in effect and that ..... of these physicians are available for choice by the persons covered by this contract.

12. I (We) declare that any physician in the community in which this contract is in effect may participate in rendering service under this contract, if he desires to do so under the conditions of this plan of contract practice, except as follows:

13. I (We) declare that the following hospitals are used in the care of patients under this contract.

14. I (We) declare that the hospitals used in the care of patients under this contract are paid on the basis of the following schedule of rates:

15. I (We) declare that prescriptions for drugs used in the care of patients under this contract are paid for at regular prices, except as follows:

4461 16. I (We) declare that the following lay persons, who have the following duties, are employed in the operation of this plan of contract practice:

17. I (We) declare that there are no lay persons associated in the operation of this plan of contract practice who receive remuneration in the form of dividends, or in any other form, other than a salary based upon actual services rendered, except as follows:

18. I (We) declare that there has been no advertising, nor solicitation of the ....., to obtain this
company
contract, nor has there been any solicitation, either directly or indirectly, which has had the effect of aiding in the obtaining of this contract, except as follows:

19. I (We) declare that there has been no underbidding to obtain this contract, or any former contract with the same company, except as follows:

20. I (We) declare that as a result of this contract and other contracts held by me (us) there is no interference with reasonable competition in the community in which this contract is in effect, nor is free choice of a physician prevented, except as follows:

21. I (We) declare that there are no conditions of employment of the physicians rendering services under this contract which makes it impossible to render adequate service to patients, except as follows:

22. I (We) declare that the compensation received under this contract is adequate to assure good medical service. I (We) state below the bases on which I (We) have arrived at the rate of compensation.

23. I (We) declare that there are no provisions of the contract, nor are there any practical results of the same, which are contrary to sound public policy, except as follows:

Submitted for .....
Physician or Group

by .....M. D.

Date .....

Upon motion duly made and seconded, it was voted that this form be approved and that copies be sent out to members in those localities in which the Executive Committee deems such action proper.

Dr. Sears requested the Executive Secretary to present the following report concerning the recent meeting of the Central Willamette Medical Society which was attended by representatives of the Council:

(*Minutes of the Corvallis Meeting were included with minutes of O. S. M. S. dated 5-25-37, altho the Corvallis minutes are of a later date. Reason for this not known.*)

4462 At a special meeting of the Central Willamette Medical Society held at Corvallis on June 17, 1937, representatives of the Council of the Oregon State Medical Society were present on invitation to discuss the ethics of contract practice. At this meeting, Dr. William T. Johnson of Corvallis, Past-President of the Oregon State Medical Society, and Dr. E. D. Furrer, Secretary of the Lane County Medical Society, strongly expressed the view that the Council of the Oregon State Medical Society should take the initiative in dealing with members of the component societies who are alleged to be engaged in unethical contract practice. These men pointed out that the problems of unethical contract practice are state wide in character and that it is extremely difficult for the local medical societies to deal satisfactorily with these problems.

Ordinarily under present By-Laws of the component medical societies and the Oregon State Medical Society, procedure to correct an unethical practice must be instituted in the component medical society, the function of the Council of the Oregon State Medical Society being to consider appeals from decisions of the component medical societies. Nevertheless, the By-Laws of the Oregon State Medical Society clearly indicate that the Council may take original jurisdiction in unethical situations which are brought to its attention. This authority is granted to the Council in the following provisions of the By-Laws:

Chapter VII. The Council

Section 2 * * * The Council shall be the Board of Censors of the Society. It shall consider all questions involving the rights and standing of members, whether in relation to other members, to the component societies or to this Society * * *

Chapter XII. County and District Societies

Section 3 * * * The Council of the State Society shall have final authority to expel a member should

a component county or district society fail to do so after being so requested by the Council.

The view expressed at the meeting of the Central Willamette Medical Society referred to above would appear to make it desirable that the Council undertake to exercise this authority on request of the component medical societies or in other appropriate instances. Inasmuch as the Council acts in a judicial capacity, it will be necessary to create a Grievance Committee to investigate unethical practices, make reports, and when necessary, file charges and present them to the Council for consideration.

The following resolution is presented to cover the situation:

WHEREAS, it has been brought to the attention of the Council that various instances of unethical practices within the state transcend the boundaries of any particular component medical society and are such that they cannot be efficiently handled by the component medical societies; and

WHEREAS, the efforts of certain component medical societied to deal with unethical practice have been largely nullified by the inaction of neighboring component medical societies; and

4463 WHEREAS, under the Constitution and By-Laws, it is the duty of the Council to deal with unethical practice when a component medical society fails to act;

THEREFORE BE IT RESOLVED by the Council that it proceed to deal with these problems of unethical practice in instances in which the Council deems such action proper; and

BE IT FURTHER RESOLVED, inasmuch as the Council is a judicial body and some machinery is necessary to present charges to the Council; that

1. A special committee, called the Grievance Committee, be, and the same is hereby created.

2. The Grievance Committee shall consist of three members to be appointed from time to time by the President of the Society.

3. The functions and duties of the committee be as follows:

(a) Investigate any alleged unethical conduct of any member of the Society coming to its attention in any way, or through any source;

(b) Determine whether or not there is any foundation to the accusation of any such member of unethical conduct;

(c) Make such reports to the Council on the result of such investigation as may be deemed best by such committee;

(d) Make and file any written charges against any member of this Society, when the Committee deems such a course advisable and justified;

(e) Pursue any other course of conduct under the Constitution and By-Laws of this society as it may deem advisable to the end that any report of unethical conduct on the part of any member be completely investigated and its truth or falsity established.

4. The committee is hereby given the authority to employ such assistance as it may deem necessary for the full performance of its duties, to be paid for by the Society, but not to exceed the sum of $500.00, except upon the added authorization of the Council.

Upon motion duly made and seconded, the resolution contained in this report was adopted.

4464 Dr. Massey called attention to the change in the organization of the Committee on State Industrial Affairs at the 1936 session through which the size of the Committee was increased from five to six members. He stated that the new Committee has not yet been appointed and that there were matters in connection with medical care under the Workmans Compensation Act which should be discussed with the State Industrial Accident Commission, particularly the reduction of the twenty-five per cent discount now being applied to the Society's Minimum Industrial Fee Schedule.

Dr. Sears stated that due to the illness of Dr. Watts it had not been possible to appoint any of the committees except those which were required to deal with extremely pressing matters. He stated that it was his intention to confer with Dr. Sweeney, the President-Elect, with a view

to agreeing upon the personnel of the committees so that the same personnel might carry on continuously through the next year.

Upon motion duly made and seconded, Dr. Vandevert was tendered a vote of thanks for his hospitality and appreciation was expressed to Mrs. Vandevert for the splendid dinner served before the meeting.

Upon motion duly made and seconded, the meeting was adjourned.

MORRIS L. BRIDGEMAN
*Secretary*

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**Plaintiff's Exhibit 305**

4465 MINUTES

November 7, 1936

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Saturday, November 7th, at 5:30 P. M. The following members of the Council were present: Charles T. Sweeney, Charles E. Sears, J. C. Vandevert, W. W. Baum, W. F. Hollenbeck, Morris L. Bridgeman, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, O. C. Hagmeier, Charles E. Hunt, J. C. Hayes, E. D. Lamb, Thompson Coberth, L. S. Kent, Ralph A. Fenton, and John H. Fitzgibbon. James Odell, John P. Cleland, and Albert Mount were also present. Estes Snedecor, legal counsel, John Coughlin, his associate, and the executive secretary were also present.

In the absence of President Thomas Wynne Watts, the meeting was called to order by Charles E. Sears, first vice-president. The minutes of September 2nd were read and approved.

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4466 2. Voted to recommend to the Council that a group of representatives be sent to the meeting of the Clackamas County Medical Society on November 12th to discuss the Principles of Medical Ethics, particularly in their application to contract practice and the policies concerning contract practice recently adopted by the Council and affirmed by the House of Delegates at The Dalles session.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

Dr. Sears announced that a member of the Executive Committee was to be elected to fill the place of Dr. Charles T. Sweeney, whose term had expired and that Dr. Sweeney, as President-Elect, would be an ex-officio member of the committee. Dr. Charles E. Hunt was nominated and upon motion duly made and seconded, was unanimously elected for the three-year term ending in 1939.

Dr. Sears announced that a member of the Executive Committee was to be elected to fill the unexpired term ending in 1937 of Dr. Otis F. Akin, who was no longer Treasurer and a member of the Council. Dr. W. F. Hollenbeck was nominated and upon motion duly made and seconded, was unanimously elected to fill the unexpired term of Dr. Akin, ending in 1937.

Mr. Snedecor discussed the functions of the Council in considering the appeals of Dr. John R. Steagall and Dr. A. H. Johnston of Portland, from the action taken by the Council of the Multnomah County Medical Society on September 16, 1936 in expelling them from membership in that society.

The meeting then adjourned to be reconvened in the auditorium of the Medical-Dental Building for the purpose of considering the appeals of Dr. Steagall and Dr. Johnston.

*Secretary*

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**Plaintiff's Exhibit 306**

4467 MINUTES

December 2, 1936

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Wednesday, December 2nd, at 6:15 P. M. The following members of the Council were present: Charles T. Sweeney, Charles E. Sears, J. C. Vandevert, W. W. Baum, W. F. Hollenbeck, Morris L. Bridgeman, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, O. C. Hagmeier, Charles E. Hunt, J. C. Hayes, E. D. Lamb, Thompson Coberth, L. S. Kent, and John H. Fitzgibbon. James Odell and the executive secretary were also present.

In the absence of President Tomas Wynne Watts, the meeting was called to order by Charles E. Sears, first vice-president. The minutes of November 7th were read and approved.

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| 4468 | Western Union Telegraph Company ..... Telegrams for month of November | $ 3.14 |
| | Maney's Flower Shop ..... Flowers for funeral of Dr. Russel Keizer, North Bend | 5.00 |

A letter from Dr. W. Ross Eaton, Secretary of the Clackamas County Medical Society, was read. The letter reported the adoption of the following resolutions by that society:

> "The Clackamas County Medical Society suggests to the State Society Council that they present their plan for industrial medical service to Mr. Burke of Portland, the head of the Crown Willamette Pulp and Paper Co., and to secure his sanction for procedure in the local mills."

It was concluded that the Council was not in a position to negotiate with an employer for the installation of any new plan of medical care.

There was discussion concerning the desirability of laying down some more definite rules concerning contract practice than contained in the Statement of Principles and Procedure for the Control of Contract Practice adopted by the Council on September 2, 1936 and affirmed by the House of Delegates on October 10, 1936.

Dr. Sears stated that President Watts had given consideration to this matter and had appointed a committee consisting of Dr. Martzloff, Dr. Fitzgibbon, and himself to formulate more definite regulations concerning contract practice.

A letter from Dr. Fenton, Trustee of the American Medical Association, advising that the Federal Social Security Board is expected to request the Congress for an inquiry into the cost of a system of national sickness insurance, was read. A news story on this subject which appeared in the New York Herald Tribune of November 23rd and an editorial entitled "Health Advice should be as Free As Air and Water", which appeared in Bernarr McFadden's Libert Magazine of December 5th were also read. Dr. Fenton suggested in his letter that in view of these developments the Council write to each member of the Oregon delegation in Congress calling their attention to the undesirability of any compulsory system of health insurance. Upon motion duly made and seconded, it was voted that Dr. Fenton's suggestion be carried out and that a letter

be sent to each member of the Oregon delegation.

The following resolution recently adopted by the State Relief Committee was read:

WHEREAS, it appears that the cost of medical, dental, nursing services and hospitalization is a large item of public assistance expense in the State of Oregon; and

WHEREAS, it further appears that the cost of such services and hospitalization are not uniform throughout the state but are substantially higher in certain counties than the state average; and

4469 WHEREAS, it is desirable and important that a complete study and analysis be made of the problem at this time;

NOW THEREFORE, BE IT RESOLVED, that the State Relief Committe does hereby request the Council of the State Medical Society of Oregon, together with representatives of related groups selected by the Chairman of the State Relief Committee, to make a study and analysis of the problem of providing medical, dental and nursing services and hospitalization for indigent persons and to submit a report of findings and recommendations as to policies and procedure for providing such services; and

BE IT FURTHER RESOLVED that the Chairman of the State Relief Committee be and he hereby is authorized to select and appoint representatives from such related groups.

The executive secretary reported that a recommendation concerning this request by the State Relief Committee would be presented in the report of the Executive Committee.

Dr. Sears reported that Dr. Fenton had written him concerning the activities of the Federal Resettlement Administration in organizing in certain states in the drouth area cooperative associations for the rendering of medical care to farm families on a prepayment basis. Dr. Sears pointed out that such plans might be considered as experiments looking toward the establishment of more comprehensive plans of medical service under the auspices of the federal government and that this trend should be carefully watched.

The executive secretary reported the appointment by President Watts of the following committees:

*Committee on Public Policy*

Chairman-William T. Johnson, Corvallis
Vice-Chairman—J. C. Booth, Lebanon
E. D. Lamb, Klamath Falls
O. C. Hagmeier, Astoria
Secretary—Richard B. Adams, Portland

*Liaison Committee to the Woman's Auxiliary*

Chairman, Charles E. Sears, Portland
Ralph A. Fenton, Portland
John H. Fitzgibbon, Portland
Charles E. Hunt, Eugene
E. D. Lamb, Klamath Falls

Upon motion duly made and seconded, it was voted that these appointments be approved and President Watts commended for their excellence.

Dr. Martzloff stated that Dr. Watts might be incapacitated for some time. Upon motion duly made and seconded, it was voted that Dr. Watts be not charged dues during 1937 and that flowers and a message of cheer be sent him.

Dr. Sears called for the report of the Executive Committee. The executive secretary reported the following actions of the Executive Committee:

1. Voted to recommend to the Council that a committee consisting of Robert L. Benson, Karl H. Martzloff, Louis P. Gambee and Frank R. Mount be appointed to cooperate with the State Relief Committee in a study and analysis of the problem of providing medical, dental and nursing services and Hospitalization for indigent persons and to submit to the Council a report of findings and recommendations as to policies and procedures for providing such
4470 services.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

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3. Voted to submit to the Council the names of Frank R. Mount, Blair Holcomb, Banner R. Brooke, Howard P. Lewis, B. O. Woods, Martin A. Howard, F. Bertram Zener of Portland; Charles E. Hunt, of Eugene; E. H. McLean of Oregon City; and E. D. Lamb of

Klamath Falls, for the consideration in connection with its recommendations to the Committee on Publication for the appointment of the two associate editors of "Northwest Medicine".

Upon motion duly made and seconded, it was voted that this list of members be submitted to the Committee on Publication and that the committee appoint therefrom the two associate editors of "Northwest Medicine".

* * * * * *

There was discussion concerning the possibility that a measure to install some form of socialized medicine might be pressed at the coming session of the State Legislature. Dr. Coberth suggested that in order to counteract such an effort a statewide hospital association be organized under the auspices of the Society. Dr. Baum expressed the opinion that a statewide hospital association with the existing low premium rates was not practicable. Dr. Sears stated that no emergency situation confronted the Society and suggested that each member of the Council send in his suggestions concerning plans for caring for the low-wage earner and his family to the committee appointed by President Watts to consider this problem.

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**Plaintiff's Exhibit 307**

4471 NORTHWEST MEDICINE

The Journal of the State Medical Associations of Oregon, Washington, Idaho and the Pacific Northwest Medical Association

Issued Monthly by
Northwest Medical Publishing Association

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VOL. 36 JANUARY, 1937 NO. 1

## OREGON

### OREGON COUNCIL AND OTHER NEWS NOTES

Portland, Ore., Dec. 23, 1936.

The Executive Committee of the Council of Oregon State Medical Society met on December 2. The State Relief Committee had requested the Council to meet with representatives of related groups to make a study and analysis of the problem of providing medical, dental and nurses services and hospitalization for indigent persons, and to make recommendations based on such survey. The Council thereupon appointed Robert L. Benson, Karl H. Martzloff, Louis B. Gambee and Frank R. Mount to represent the Society in this study.

The Council authorized the drafting of bills to be introduced in the coming legislature for the purpose of strengthening the Medical Practice Act and the Doctors' Title Act, as well as one making it a misdemeanor for any person to make false representations concerning his indigency for the purpose of obtaining charity care of any kind.

The Executive Committee recommended a list to the Committee on Publications for appointment of two associate editors of NORTHWEST MEDICINE for 1937. Blair Holcomb of Portland and Charles E. Hunt of Eugene were appointed.

Physicians throughout the country will be interested in certain national trends regarding medical services which may become manifest shortly. Recently, an eastern paper and a national weekly discussed the matter of the cost of sickness insurance on a large scale. Undoubtedly a bill on this subject will be introduced in the next Congress. The representatives of the American Medical Association will advise the members as developments take place.

Social Service workers and other well-meaning individuals do not realize that medical practice is a matter between individuals and cannot be handled on a mass-production basis. It takes time to examine a patient and costs money for overhead, laboratory work and supplies. Medical service today is superior to that of twenty-five years ago, and it costs more money to give this better service. The medical profession has always insisted that every patient should receive the best possible quality of medical care. For its part, the profession must ever be on guard against the seeming overcharge of patients and the planning of long

series of treatments of questionable results. Misunderstandings regarding both may be obviated by explaining to the patient the difficulties involved and the nature of the results to be expected.

Physicians must also be ever watchful regarding testimony given in court. It is easy to be carried away by the enthusiasm of the client and thereby become a partisan. Under this psychology physicians may be led to say in court things which they would hesitate to say, or might even deny before fellow physicians. Testimony should be such as the physician would give in a scientific paper before a medical group, except that it should be stated in words that the lay jury can understand. There should be no difference in the facts.

Beginning early in January, the University of Oregon Medical School will start its second course of lectures on medical economics to the senior class. These ten lectures will be comprehensive and will give the students an insight into practical economic aspects of the practice of medicine.

During the last few weeks there have occurred within the ranks of the membership of the Multnomah County Medical Society certain things which are of interest to the membership throughout the State. It will be remembered that a number of months ago the postponed session of the annual meeting was held, at which time the members voted for certain principles which were outlined in the so-called Martzloff report, and instructed the Council and other bodies to enforce the Principles of Medical Ethics and the provisions of the Constitution and By-Laws. Following this mandate, the Council appointed a grievance committee who, together with the censors and the Council, presented and heard charges against several members in the manner provided in our basic law. Upon filing of charges, hearings were held to the end that the erring members might see their errors and return to ethical practice. In some cases the members admitted that some of their actions would be unethical, if carried on by themselves as individuals, and denied the unethicalness of the same acts when performed by their group. Two members were expelled and five resigned. There was no question of personal animosity but simply the facts showed solicitation for patients and other acts in contravention of the code of ethics of our profession. Several men have agreed to return to ethical practice. A number of complaints are still pending. The profession throughout the state is watching with interest the example set by their largest component

society and will not be slow in purging themselves of similar unethical acts carried on by some of their members.

The Multnomah County Medical Society is not opposed, nor is the code of ethics opposed to contract practice per se. The methods obtaining and carrying out such contracts and not the contracts themselves are involved. The medical profession has made no statement in reply to the statements made to the public by certain individuals who have resigned, for they have confidence that the public will easily judge whether the few or the many are out of step. The vote of confidence given at the recent annual meeting of Multnomah County Medical Society indicates that the members approve that which has been done.

ADALBERT G. BETTMAN, *Editor.*

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**Plaintiff's Exhibit 308**

4473 MINUTES

February 6, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the University Club on Saturday, February 6th, at 2:00 P.M. The following members of the Council were present: Charles E. Sears, W. W. Baum, W. F. Hollenbeck, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, Charles E. Hunt, J. C. Hayes, Thompson Coberth, D. S. Kent, and Ralph A. Fenton, Banner R. Brooke, Richard B. Adams, W. S. Kirkpatrick, public relations counsel, Harold Jenness, his associate, and the executive secretary were also present.

In the absence of President Thomas Wynne Watts, the meeting was called to order by Charles E. Sears, first vice-president. The minutes of January 23rd were read and approved.

The following bills were read and approved:

* * * * *

Medical Reporter ..... 43.86
Deficit in printing annual session number "Medical Reporter"

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Northwest Medicine ..... 756.00
756 subscriptions to "Northwest Medicine"

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First National Bank ..... 3.30
Lease of Safe Deposit Box
Campbell Court Hotel ..... 6.75
Council meeting of January 23
Dr. J. C. Vandevert ..... 10.00
Travelling expenses January Council meeting
Royal Typewriter Company ..... 12.50
Cleaning of typewriter

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**Plaintiff's Exhibit 309**

4475 MINUTES

January 23, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Campbell Court Hotel on Saturday, January 23rd at 6:15 P.M. The following members of the Council were present: G. A. Massey, Charles E. Sears, J. C. Vandevert, W. F. Hollenbeck, Morris L. Bridgeman, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, O. C. Hagmeier, Charles E. Hunt, J. C. Hayes, E. D. Lamb, Ralph A. Fenton, and John H. Fitzgibbon. Richard B. Adams and the executive secretary were also present.

In the absence of President Thomas WynneWatts, the meeting was called to order by Charles E. Sears, first vice-president. The minutes of December 2nd were read and approved.

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4476 Dr. Fenton discussed the actions taken by the Board of Trustees of the American Medical Association at the emergency meeting on January 8th. He called attention to two statements resulting from this meeting that appeared in the Journal of the American Medical Association of January 16th which in substance were as follows:

1. Favoring a merger of all present activities of the federal government into a Department of Health headed by a physician of proven administrative

ability, and opposing any merger of health activities with welfare, relief or conservation.

2. Asserting that problems of medical service to those above the level of indigence but unable to meet customary fees are not the concern of the federal government, but must be handled by state and local medical societies working in conjunction with state and local authorities, and that such state or local plan for special consideration to such individuals must not be construed as the endorsement of any plan of so-called health insurance, either voluntary or compulsory.

Dr. Fenton further stated that a compulsory sickness insurance measure might be enacted in Wisconsin, but that recent information would seem to indicate that at the present time the federal administration does not favor a federal law with this objective.

Dr. Vandevert stated that a large lumber mill would shortly be established near Bend and that the management would soon seek to enter into some plan of contract practice for the care of the employees. He requested that the Council advise the local medical society as to what steps should be taken to meet this situation.

Dr. Hagmeier stated that he had recently been interviewed by representatives of the timber-workers union who stated that they would seek to effect changes in the state laws at the present session of the state legislature to bring the care of non-industrial sickness and injury under the jurisdiction of the State Industrial Accident Commission. He expressed the opinion that the Society might well consider cooperating with the unions in this proposal, which would eliminate the commercial hospital associations.

Dr. Fitzgibbon stated that several members of the Council of the Multnomah County Medical Society had recently discussed with Mr. B. A. Green, attorney for the Oregon State Federation of Labor, various matters relating to the medical care of industrial workers. He suggested that it might be sound policy to continue this contract. It was the concensus of opinion that the Society should attempt to keep in liaison with representatives of organized labor in dealing with the problem of medical care for industrial workers.

Dr. Sears stated that as chairman of the committee on publicity appointed by President Watts he had given con-

siderable thought to a public relations campaign in behalf of ethical medicine and that the opinions of lay specialists in this field had been sought. He stated that an extensive campaign concerning the aims and achievements of ethical medicine appeared to be desirable and that within a short time the committee would present detailed plans to this end.

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**Plaintiff's Exhibit 310**

4477 MINUTES

March 24, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Wednesday, March 24th, at 6:15 P.M. The following members of the Council were present: Charles E. Sears, G. A. Massey, J. C. Vandevert, W. F. Hollenbeck, Morris L. Bridgeman, Karl H. Martzloff, Blair Holcomb, Guy L. Boyden, Charles E. Hunt, E. D. Lamb, L. S. Kent, and Ralph A. Fenton, E. L. Zimmerman, President of the Lane County Medical Society, Richard B. Adams, A. G. Bettman, Archie C. VanCleve, and the executive secretary were also present.

In the absence of President Thomas Wynne Watts, the meeting was called to order by Charles E. Sears, first vice-president. The minutes of February 6th were read and approved.

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4478 5. Voted to recommend to the Council that the 1936 annual report of the Committee on Public Education referred to the Council by the House of Delegates at The Dalles session be adopted with certain amendments (Amended report filed at the close of these minutes).

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

6. Voted to recommend to the Council that the names of E. D. Johnson of Klamath Falls, E. D. Lamb of Klamath Falls, and J. C. Hayes of Medford, be submitted to the Governor for his consideration in filling the existing vacancy on the State Board of Medical Examiners.

Upon motion duly made and seconded, it was voted that this recommendation be adopted.

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E. L. Zimmerman, President of the Lane County Medical Society, outlined the activities of his society in attempting to deal with unethical contract practice. He discussed the difficulties of applying disciplinary measures under circumstances in which the members know one another very intimately, as is the case in a small local society. He stated that his society would be able to deal more effectively with the situation if the Council would issue a mandate to the effect that the Lane County Medical Society would cease to be a component society of the Oregon State Medical Society, if it continued to permit its members to engage in unethical contract practice.

Upon motion duly made and seconded, it was voted that a letter be addressed to all the component societies, calling their attention to the provisions of The Principles of Medical Ethics and the various pronouncements of the House of Delegates of the American Medical Association and the House of Delegates of the Oregon State Medical Society concerning contract practice and related subjects, and soliciting their cooperation in procuring among their membership the observance of the principles set forth therein. President Sears appointed Dr. Fenton and the executive secretary to draft such a letter.

President Sears called for the report of the Committee on Public Policy. Richard B. Adams, secretary of the committee, reported in detail concerning medical legislation in the recent session of the state legislature.

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**Plaintiff's Exhibit 311**

4479 **MINUTES**

**May 11, 1937**

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Roseburg Country Club at Roseburg on Tuesday, May 11th, at 4:00 P.M. The following members of the Council were present: Charles E. Sears, G. A. Massey, Charles T. Sweeney, W. W. Baum, Richard B. Adams, W. F. Hollenbeck, Morris L. Bridgeman, Blair Holcomb, Charles E. Hunt, E. D. Lamb, and L. S. Kent, A. G. Bettman, Editor of the Oregon section of Northwest Medicine, the executive secretary, and numerous

members of the Southern Oregon Medical Society were also present.

The meeting was called to order by President Charles E. Sears. The minutes of March 24th were read and approved:

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**Plaintiff's Exhibit 312**

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4482 STATE DEPARTMENTS

OREGON

The May meeting of the Council of the Oregon State Medical Society was held in Roseburg, May 11, at the country club, following the annual meeting of the Southern Oregon Medical Society. The Society, as usual, presented a very excellent program and the well known Southern Oregon type of hospitality, both of which were enjoyed by seventy-five members. Councilors from all over the state attended the meeting, including a large number from Portland.

The Council voted that the next annual meeting of the Oregon State Medical Society will be held in Salem, September 16, 17 and 18. It was voted to hold the June meeting of the Council at Bend. It was voted to attend the meeting of the Central Willamette Medical Society at Lebanon on June 17, where a discussion on contract practice will be held.

Resolutions on the death of Dr. Thomas Wynne Watts, President of the Society and Dr. Harold B. Myers were read and adopted at the meeting.

A letter was read from the State Industrial Accident Commission to the effect that in certain localities on the expiration of present hospital association contracts they are going to have the work cared for under the free choice of physician plan. The experience of the Commission during the next several months in these localities will determine their future policy. The points upon which judgment will be based will be the efficiency of the care and the cost, as compared with the present method.

Correspondence was submitted from the American Medical Association regarding the action of the American Bar Association investigating medical defense plans in the various states. A further report of the action taken will be made when it is available.

It is hoped that as many physicians as possible will attend the Bend and Lebanon meetings. Plan to attend the annual meeting in September at Salem.

ADALBERT G. BETTMAN, *Editor.*

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(This exhibit is part of the June 1937 issue of *Northwest Medicine.*)

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**Plaintiff's Exhibit 313**

4483 MINUTES

June 26, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held at Bend at the home of Dr. J. C. Vandevert, first vice-president, on Saturday, June 26th, at 8:30 P. M. The following members of the Council were present: Charles E. Sears, G. A. Massey, Charles T. Sweeney, J. C. Vandevert, W. W. Baum, Richard B. Adams, W. F. Hollenbeck, E. D. Lamb, Thompson Coberth, and L. S. Kent. J. F. Hosch and J. W. Thom of Bend, and the executive secretary were also present.

The meeting was called to order by President Charles E. Sears. The minutes of May 11th were read and approved.

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4484 * * * * *

A letter from Charles E. Hunt, Councilor for the Third District was read. Dr. Hunt expressed regret that he was unable to attend the meeting and outlined the results of the efforts of the Benton County Medical Society and the Lane County Medical Society to eliminate unethical contract practice. He further pointed out in the letter that progress was being made in eradicating undesirable practices in Polk and Marion Counties and that the Central Willamette Medical Society was also working on the problem. Dr. Hunt predicted that all unethical contract practice would be eliminated from his entire district by January 1, 1938.

Dr. Kent stated that the Lane County Medical Society had also undertaken to deal with unethical contract practice carried on through lodge organizations. She stated that the Society had voted that no member is to participate in the plan of medical care of the Fraternal Order of Eagles and

that the position of physician for the Eugene lodge has been taken by a physician of advanced years.

Dr. Vandevert outlined the problem of contract practice in the Bend district. He stated that there were many small saw-mills and other lumbering projects in the counties surrounding Bend and that the operators of these concerns desire to have their employees protected by some form of coverage for industrial accidents as well as ordinary sickness. He stated that the commercial hospital associations were capitalizing on this demand and were signing up an increasing number of contracts. He stated that the attitude of the State Medical Society and the American Medical Association was entirely negative and critical of practice and that they should develop construction plans to meet the situation.

There followed a discussion concerning methods by which the medical profession in the various local communities could meet the apparent need for some scheme of contract practice by developing plans which would conform to the Principles of Medical Ethics and would bring such schemes under the control of the local medical profession. Dr. Vandervert stated that he did not believe it was feasible for the physicians in Bend to join together in any plan for providing medical care under contract system for the reason that the number of persons who could be covered under such a plan would be insufficient to make such a plan successful and that the physicians would be better off to allow the commercial hospital associations to carry the risk.

Dr. Lamb stated that he had a great deal of experience in participating in such contracts with a group of physicians and expressed the opinion that contract practice would be successfully conducted in this way. He stated that in Klamath Falls there would be two methods of handling contracts, one, in which the group of physicians assumed responsibility for providing all types of services, including hospitalization and drugs, and the other, in which the group of physicians divided the proceeds from a given contract equally with a hospital which assumed responsibility for hospitalization and drugs. He stated that the first method would result in a larger return to the physicians.

4485 Dr. Coberth stated that some years ago his group, which owns The Dalles Hospital, had a statistician in their employ to make a study of the feasibility of the group entering into practice. He stated that this study indicated that it would not be profitable for the group to engage in this type of practice because of the relatively small number of

persons to be covered. He stated that in his opinion there were only two possible solutions to the problems of contract practice in the state, one, for the State Medical Society to organize a state-wide hospital association to provide medical service on a contract basis in all communities where such a plan appeared to be needed, and the other, to obtain legislation providing for the extension of the present function of the State Industrial Accident Commission to include the care of workers in ordinary sickness as well as for industrial accidents.

Dr. Hosch stated that the State Medical Society could not hope to continue on a strictly defensive basis in combatting the proposals introduced by the commercial hospital associations at each session of the State legislature. He stated that the 1937 Legislature was inclined to consider seriously the enactment of legislation which would expend the functions of the State Industrial Accident Commission as suggested by Dr. Coberth. He advised that the House of Delegates of the State Medical Society agree on some definite legislation to correct the existing evils of contract practice and that this legislation be prepared for submission at the next session of the State Legislature.

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Upon motion duly made and seconded, it was voted that a committee be appointed to study the problems of contract practice in all local communities in which such problems exist and to make a report to the Council containing specific recommendations to guide the State Medical Society and the component medical societies in dealing with these problems not later than October 1st.

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**Plaintiff's Exhibit 314**

4486 MINUTES

October 9, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held in the auditorium of the Medical-Dental Building on Saturday, October 9th, at 6:15 P. M. The following members of the Council were present: Charles E. Sears, Charles T. Sweeney, J. C. Vandevert, W. W. Baum, Richard B. Adams, W. F. Hollenbeck, Guy L. Boyden, Blair Holcomb, Charles E. Hunt, J. C. Hayes, E. D. Lamb, Thompson Coberth, L. S. Kent, and John H. Fitzgibbon. George E. Henton and the executive secretary were also present.

The meeting was preceded by dinner served by a committee of the Woman's Auxiliary.

The meeting was called to order by President Charles E. Sears. The minutes of June 26th were read and approved.

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4487 Dr. Hunt stated that the Pacific Hospital Association of Eugene was prepared to send in their completed questionaires covering 170 contracts, but that the Eugene Clinic and Hospital wished to have the questionaire simplified.

It was considered that a courteous letter be written to Dr. Bartle informing him that the request for information concerning the contracts of his group was made in good faith and spirit and that other members and groups engaged in contract practice had received the same request; further, that the Council has no intent to work a hardship upon any member or group, and suggested that the information regarding the contracts of his group could be sent in from time to time over a considerable period as rapidly as is reasonable possible. It was also suggested that it might be possible for the Oregon State Medical Society or the Lane County Medical Society to defray a part of the expense of the clerical assistance necessary to privide the information concerning the contracts of the group.

A letter from James C. Hayes submitting information concerning the contract plan of the Southern Oregon Medical Service Association of Medford, but without submitting a completed questionaire covering each contract held by his group, was read. Dr. Hayes stated that a great deal had happened since this letter was written and discussed briefly the present situation in Jackson County with respect to contract practice. He stated that it was difficult to submit the detailed information sought in the questionaire and suggested that possibly in the future when a particular contract expires, the Southern Oregon Medical Service Association might submit a copy of each new contract.

Dr. Baum stated that it should not be difficult to supply the information requested if all the contracts are the same, as it would only be necessary to fill out one questionaire and submit the names of the organizations with which the contracts are in effect.

Dr. Vandevert stated that, as he had predicted some months ago, the Weyerhaeuser Lumber Company had begun operations at Crescent in his district and that the company had entered into a contract with the National Hospital As-

sociation to privide medical care for its employees. He stated that he had asked the Council for advice as to how such an arrangement could be forestalled, but that no definite plan had been offered.

Dr. Sears stated that the Clackamas County Medical Society was developing a solution to the problems of contract practice in its community. He stated that the problem is primarily one of unifying the local medical profession.

Dr. Lamb stated that the Committee on the Study of Contract Practice had been created largely as a result of Dr. Vandevert's influence. He stated that he had advised Dr. Vandevert to obtain the contract with the Weyerhauser Lumber Company and then work out a plan to handle contracts in accordance with the principles laid down by the Society.

President Sears called for the report of the Committee on the Study of Contract Practice. Dr. Lamb, chairman, stated that the Committee had prepared a tentative, factual report, as it has been impossible in the short time available to do more than make a beginning.

4488 The executive secretary read the report of the committee. Dr. Lamb thanked the members of the committee for their interest and efforts. Upon motion duly made and seconded, it was voted that the report be accepted and transmitted to the House of Delegates at the annual session. Upon motion duly made and seconded, it was voted to congratulate the committee for what it had accomplished to date and to recommend to the incoming Council that this committee be continued. President Sears called upon Dr. Hayes and Dr. Henton who discussed the work of the committee and expressed their present views toward the problems of contract practice.

Dr. Baum outlined the plans of the Salem physicians for the entertainment of visiting physicians at the annual session.

There being no further business, the meeting was adjourned.

*Secretary*

**Plaintiff's Exhibit 315**

4490 STATE DEPARTMENTS

OREGON

ELIMINATION OF CONTRACT PRACTICE

Portland, Ore., July 20, 1937.

The regular monthly meeting of the Council of the Oregon State Medical Society was held at Bend at the home of J. C. Vandevert, first vice-president, on Saturday, June 26, at 8:30 p.m. Thirteen members of the Council were present.

It was voted that the Woman's Auxiliary be authorized to place Hygeia in the public schools and libaries of Wallowa County.

It was voted to request the State Industrial Accident Commission to increase the fee now being allowed for diathermy treatments. A request will also be made to the Commission to discontinue the twenty-five per cent discount on fees for physcians services.

Communications were read from component county societies regarding the progress which they are making in eradicating undesirable practices in their counties. Some districts reported that all unethical contract practice would be eliminated by January 1, 1938. An effort is also being made to discontinue unethical contract practice carried on through lodge organizations. This is also being brought to a satisfactory conclusion. Varied opinions were also expressed regarding the apparent need in some communities for some scheme of contract which would assure outlying small sawmills and other lumbering projects adequate medical services.

The feasibility of physicians in small communities joining together in any plan for providing medical care under a contract was questioned, for the reason that the number of persons who would be covered would be insufficient to make the plan successful. An effort will be made to work out the problem while conforming to the Principles of Medical Ethics.

It was stated that investigations by statisticians in a certain small community showed that contract practice would be unsuccessful because of the relatively small number of persons to be covered.

It was proposed that the State Medical Society give serious attention to the problem so that they may have some-

thing constructive to offer, if possible, at the next session of the legislature.

President Sears pointed out that certain pressing matters made it desirable that the annual session be postponed in order that more time be available to develop policies to be pursued and that it would be better to postpone the meeting of the State Society than to carry the matter over for another year. It was, therefore, decided that the meeting of the State Society will be held on October 21, 22 and 23, instead of the date previously announced. The meeting will be held at Salem.

It was voted that a committee be appointed to study the problems of contract practice in all local communities in which such problems exist and to make a report to the Council containing specific recommendations to guide the State Medical Society and the component medical societies in dealing with these problems.

Action was taken upon report of the special Committee on the Study of Medical Care of Relief Clients, along the line discussed in last month's communication in this column.

It was voted that the Resettlement Administration be informed that the Oregon State Medical Society is a professional society and is, therefore, not in a position to participate in the execution of plans involving the delivery of medical care.

President Sears called attention to the provisions of the Statement of Principles and Procedures for the Control of Contract Practice which had been adopted by the Council on September 2, 1936, and by the House of Delegates at the 1936 meeting, which required members to submit to the Council all contracts to provide medical care.

The Society is now ready to carry out the procedures indicated as sufficient time has elapsed for this purpose. The executive secretary presented a form to be filled out by members who have made or contemplate making such contracts. Copies may be had by addressing the Society offices.

Through the executive secretary the president reported concerning the recent meeting of the Central Willamette Medical Society. A special meeting of the society was held at Corvallis in June, at which time the ethics of contract practice were discussed by representatives of the Council who were invited to be present.

Certain members strongly expressed the view that the Council of the Oregon State Medical Society should take the initiative in dealing with members of component so-

cieties who are alleged to be engaging in unethical contract practice. They pointed out the extreme difficulty of the local society to deal with the problems. At present the Council of the State Society does not investigate members but acts simply to consider appeals from decisions of the component medical societies. However, the By-Laws provide that the State Society may take original jurisdiction in unethical situations. The Council in the consideration of these matters is limited to its capacity.

Many of those present expressed the opinion that a Grievance Committee of three members should be appointed by the president to investigate alleged unethical practices, to make reports and when necessary to file charges and present them to the Council for consideration. A resolution to this effect was voted.

The Program Committee stressed the superior program which is being prepared for the Salem meeting on October 21, 22 and 23. All members are asked to make a notation of the change in date.

ADALBERT G. BETTMAN,
*Editor*

(This exhibit is part of the August 1937 issue of *Northwest Medicine.*)

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**Plaintiff's Exhibit 316**

4491 MINUTES

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, November 13th at 6:15 P.M.

The following members of the Council were present:

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| Charles T. Sweeney | O. C. Hagmeier |
| Charles E. Sears | Charles E. Hunt |
| W. W. Baum | James C. Hayes |
| Richard B. Adams | Thompson Coberth |
| Morris L. Bridgeman | C. T. Hockett |
| Dean P. Crowell | L. S. Kent |
| Karl H. Martzloff | Ralph A. Fenton |

John H. Fitzgibbon

Raymond E. Watkins, G. A. Massey, James Odell, and the executive secretary were also present.

The meeting was called to order by President Charles T. Sweeney.

President Sweeney stated that Dr. Watkins, Chairman of the Committee on Maternal Welfare, has a report to make concerning the film, "The Birth of a Baby" which was shown during the annual session at Salem. Dr. Watkins reported that ballots expressing opinions as to whether the film should be shown to the lay public in the state had been obtained from a group of one-hundred physicians, physicians' wives, and graduate nurses who viewed the film and that all but two of this group were in favor of the public showing of the film, although several qualified their affirmative opinions with certain suggested restrictions relating to the age groups to which the film should be shown and other details, in connection with the showing of the film. Upon motion duly made and seconded, it was voted that this report be accepted with thanks and that Dr. Watkins submit recommendations concerning the age groups to which the film should be shown and other details in connection with the showing of the film in the state.

President Sweeney introduced Dr. Hockett and Dr. Crowell, new members of the Council.

Dr. Fenton discussed the Principles and Proposals of the so-called "Committee of Physicians" and the extensive story which appeared in the "New York Times" of November 7th concerning the activities of this committee.

Dr. Fitzgibbon also discussed the activites of the so-called "Committee of Physicians" and pointed out that their Principles and Proposals were essentially the same as those submitted by the New York delegation to the House of Delegates of the American Medical Association at the 1937 session and rejected by the House. He stated that many of the signers of these Principles and Proposals were not aware of their significance.

4493 • • • • •

A letter from Harvey A. Woods, Secretary of the Jackson County Medical Society, and two resolutions enclosed therewith were read. The first resolution had been adopted by the Jackson County Medical Society as its policy in relation to prepaid medical care. The second resolution, pending before the Jackson County Medical Society, set forth proposed policies of that society in relation to unethical contract practice.

Dr. Hayes commented on these resolutions and the background of events which evoked them. A general discussion